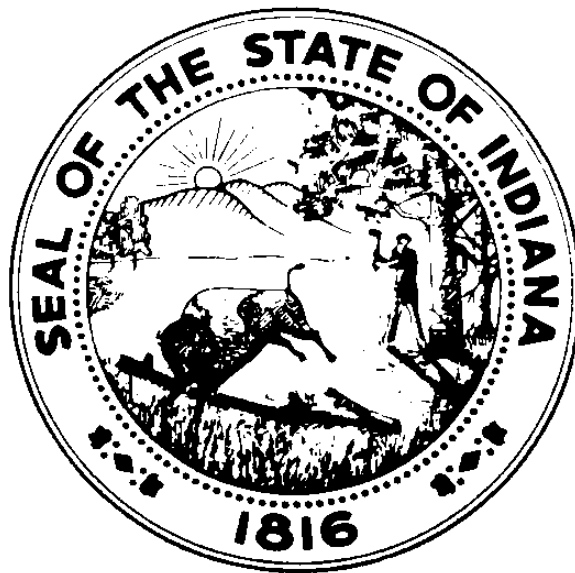


# INDIANA BOARD OF ACCOUNTANCY

Indiana Statutes and Administrative Code

**2006**

Edition



Indiana Professional Licensing Agency  
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**NOTICE:** This compilation incorporates the most recent revisions of statutes and rules available as of **January 1, 2006**. Note that this compilation is not an official version of the Indiana Code or the Indiana Administrative Code. It is distributed as a general guide to Indiana accountancy law and regulations. It is not intended to be offered as legal advice, and it may contain typographical errors. Neither the Indiana Board of Accountancy nor its staff is able to provide legal advice on issues contained herein. For legal advice, please consult with an attorney. To obtain official copies of the Indiana Code or Indiana Administrative Code, contact your nearest public library.

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If you notice any errors or omissions in this or any other rulebook Published by the Indiana Professional Licensing Agency, please write to Board Director, 402 West Washington Street, Room W072, and Indianapolis, IN 46204-2700. Your help improving these rulebooks is greatly appreciated.

The following rules were amended in 2004: 872 IAC 1-1-2, 872 IAC 1-1-6.1, 872 IAC 1-1-6.2, 872 IAC 1-1-6.4, 872 IAC 1-1-6.5, 872 IAC 1-1-6.6, 872 IAC 1-1-8, 872 1-1-8.3, 872 IAC 1-1-9, 872 IAC 1-1-9.5, 872 IAC 1-1-10, 872 IAC 1-1-12, 872 IAC 1-1-14, 872 IAC 1-1-17, 872 IAC 1-1-19, 872 IAC 1-1-22, 872 IAC 1-1-23, 872 IAC 1-1-25, 872 IAC 1-3-3.3, 872 IAC 1-3-16, and 872 IAC 1-6 was added.

The following rules were amended in 2005: 872 IAC 1-2-1.

## **IC 25-2.1**

### **ARTICLE 2.1. ACCOUNTANTS**

#### **IC 25-2.1-1**

##### **Chapter 1. Title and Definitions**

#### **IC 25-2.1-1-1 Short title**

Sec. 1. This article may be cited as "the accountancy act of 2001".

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC. 3.*

#### **IC 25-2.1-1-2 Applicability of definition**

Sec. 2. The definitions of this chapter apply throughout this article.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-3 "Accounting practitioner" defined**

Sec. 3. "Accounting practitioner" means a person certified under IC 25-2.1-6.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-3.3 "AICPA" defined**

Sec. 3.3. "AICPA" refers to the American Institute of Certified Public Accountants.

*As added by P.L.128-2001, SEC.4.*

#### **IC 25-2.1-1-3.8 "Attest" defined**

Sec. 3.8. "Attest" means to provide any of the following financial statement services:

- (1) An audit or other engagement performed in accordance with the AICPA Statements on Auditing Standards (SAS) or other similar standards adopted by reference under IC 25-2.1-2-15.
- (2) A review of a financial statement performed in accordance with the AICPA Statements on Standards for Accounting and Review Services (SSARS) or other similar standards adopted by reference under IC 25-2.1-2-15.
- (3) An examination of prospective financial information performed in accordance with the AICPA Statements on Standards for Attestation Engagement (SSAE) or other similar standards adopted by reference under IC 25-2.1-2-15.

*As added by P.L.128-2001, SEC.5.*

#### **IC 25-2.1-1-4 "Board" defined**

Sec. 4. "Board" means the Indiana board of accountancy established by IC 25-2.1-2-1.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-5 "Certificate" defined**

Sec. 5. "Certificate" means:

- (1) a certificate for a certified public accountant issued under IC 25-2.1-3 or IC 25-2.1-4;
- (2) a certificate of registration for an accounting practitioner issued under IC 25-2.1-6-1; or
- (3) a certificate for a certified public accountant, public accountant, or accounting practitioner renewed under IC 25-2.1-4.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.6.*

#### **IC 25-2.1-1-6 "Client" defined**

Sec. 6. "Client" means an individual or entity retaining a licensee for the performance of professional services.

*As added by P.L.30-1993, SEC.7*

#### **IC 25-2.1-1-6.3 "Compilation" defined**

Sec. 6.3. "Compilation" means providing a service to be performed in accordance with AICPA Statements on Standards for Accounting and Review Services (SSARS) or other similar standards adopted by reference under IC 25-2.1-2-15 that is presenting, in the form of financial statements, information that is the representation of the management or owners without undertaking to express any assurance on the statements.

*As added by P.L.128-2001, SEC.7.*

#### **IC 25-2.1-1-6.5 "CPA" defined**

Sec. 6.5. "CPA" means a certified public accountant.

*As added by P.L.128-2001, SEC.8.*

#### **IC 25-2.1-1-7 "Firm" defined**

Sec. 7. "Firm" means a proprietorship, a general business corporation, a professional corporation, a limited liability company, a partnership, or other form of legal entity issued a permit under IC 25-2.1-5 or registration under IC 25-2.1-6.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.9.*

#### **IC 25-2.1-1-8 "Licensee" defined**

Sec. 8. "Licensee" means the holder of:

- (1) a certificate; or
- (2) a firm permit issued under IC 25-2.1-5 or IC 25-2.1-6.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.10.*

#### **IC 25-2.1-1-8.5 "PA" defined**

Sec. 8.5. "PA" means a public accountant.

*As added by P.L.128-2001, SEC.11.*

#### **IC 25-2.1-1-9 "Permit" defined**

Sec. 9. "Permit" means a permit to practice accountancy as a firm issued under IC 25-2.1-5 or by another state.  
*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.12.*

#### **IC 25-2.1-1-10 "Practice of accountancy" defined**

Sec. 10. (a) "Practice of accountancy" means the performance or the offering to perform by a licensee of a service involving:

- (1) the use of accounting or auditing skills, including the issuance of reports on financial statements;
- (2) management advisory, financial advisory, or consulting services; or
- (3) the preparation of tax returns or the furnishing of advice on tax matters.

(b) The term does not include the performance or offering of the following services if the person performing or offering the services is not a licensee and no representation is made that the person performing or offering the service is a licensee:

- (1) The selling and installing of data processing or bookkeeping equipment and forms.
- (2) The preparation of tax returns.
- (3) The performance of bookkeeping.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC. 13.*

#### **IC 25-2.1-1-10.3 "Professional" defined**

Sec. 10.3. "Professional" means the following:

- (1) For a certified public accountant, arising out of or related to the specialized knowledge or skills associated with certified public accountants.
- (2) For a public accountant, arising out of or related to the specialized knowledge or skills associated with public accountants.
- (3) For an accounting practitioner, arising out of or related to the specialized knowledge or skills associated with accounting practitioners.

*As added by P.L.128-2001, SEC.14.*

#### **IC 25-2.1-1-11 "Public accountant" defined**

Sec. 11. "Public accountant" means an individual certified by the board under IC 25-2.1-6.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-12 "Quality review" defined**

Sec. 12. "Quality review" means a study, an appraisal, or a review of at least one (1) aspect of the professional work of an individual or a firm in the practice of accountancy, by at least one (1) individual who holds a certificate and who is independent of the individual or firm being reviewed.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-13 "Report" defined**

Sec. 13. (a) "Report", when used with reference to financial statements, means an opinion or other form of language that states or implies assurance as to the reliability of any financial statements and that also includes or is accompanied by any statement or implication that the individual or firm issuing it has special knowledge or competence in accounting or auditing. The statement or implication of special knowledge or competence may arise from use by the issuer of the report of names or titles indicating that the individual is an accountant or auditor or from the language of the report.

(b) The term includes any form of language that disclaims an opinion when the form of the language is conventionally understood to imply any positive assurance as to:

- (1) the reliability of the financial statements referred to; or
- (2) special competence on the part of the individual or firm issuing the language.

(c) The term includes any other form of language that is conventionally understood to imply an assurance or special knowledge or competence described in subsection (b).

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.15*

#### **IC 25-2.1-1-14 "State" defined**

Sec. 14. "State" means a state of the United States, the District of Columbia, Puerto Rico, the United States Virgin Islands, and Guam.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-1-15 "Substantial equivalency" defined**

Sec. 15. "Substantial equivalency" means a determination by the board or its designee that the:

- (1) education, examination, and experience, requirements contained in the laws and administrative rules of another state are comparable to or exceed the education, examinations, and experience requirements of this state; or
- (2) education, examination, and experience qualifications of the holder of a certificate granted by another state are comparable to or exceed the education, examination, and experience requirements of this state.

*As added by P.L.128-2001, SEC.16.*

#### **IC 25-2.1-2**

##### **Chapter 2. State Board of Accountancy**

#### **IC 25-2.1-2-1 Establishment of board**

Sec. 1. The Indiana board of accountancy is established.  
*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-2 Enforcement responsibilities**

Sec. 2. The board is responsible for the administration and enforcement of this article.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-3 Membership of board; qualifications**

Sec. 3. (a) The board consists of six (6) members appointed by the governor.

(b) Four (4) members must meet the following conditions:

(1) Be a resident of Indiana.

(2) Be a certified public accountant under IC 25-2.1-3 or IC 25-2.1-4.

(c) One (1) member must meet the following conditions:

(1) Be a resident of Indiana.

(2) Be certified as a public accountant or an accounting practitioner under IC 25-2.1-6.

(d) One (1) member must meet the following conditions:

(1) Be a resident of Indiana.

(2) Be a consumer who is not certified under this article but has professional or practical experience in the use of accounting services and financial statements that qualify the individual to make judgments about the qualifications and conduct of individuals and firms under this article.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.17.*

#### **IC 25-2.1-2-4 Term of members; successive terms**

Sec. 4. (a) A member of the board serves a term of three (3) years and until the member's successor is appointed and qualified.

(b) An individual may not serve more than two (2) complete terms. An appointment to fill an unexpired term is not a complete term.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-5 Renewal of members; filing vacancies**

Sec. 5. (a) A member of the board is automatically removed from the board if the member's certificate is suspended or revoked under this article.

(b) The governor may remove a member for neglect of duty, incompetency, or unprofessional conduct.

(c) A vacancy in the membership of the board shall be filled by appointment by the governor for the unexpired term.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-6 Chairman; officers**

Sec. 6. (a) Each year the board shall elect a member as chairman.

(b) The board may annually elect a member to fill an office that the board determines is appropriate.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-7 Meetings**

Sec. 7. The board shall meet at times and places determined by the board.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-8 Quorum**

Sec. 8. A quorum of the board consists of a majority of the appointed members.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-9 Seal**

Sec. 9. The board shall adopt and use an official seal.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-10 Compensation and reimbursement**

Sec. 10. Each member of the board who is not a state employee is entitled to the minimum salary per diem provided by IC 4-10-11-2(b). The member is also entitled to reimbursement for traveling expenses and other expenses actually incurred in connection with the member's duties, as provided in the state policies and procedures established by the Indiana department of administration and approved by the budget agency.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-11 Document retention and registries; admissibility of records**

Sec. 11. (a) The board shall:

(1) retain or arrange for the retention of all applications and all verified documents that are filed with the board and the records of the board's proceedings; and

(2) maintain registry of the names and addresses of all licensees.

(b) In a civil or criminal court proceeding arising out of or founded on a provision of this article, copies of a certified and sealed record are admissible as evidence to prove the contents of records.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-12 Deposit and accounting for fees**

Sec. 12. Fees collected by the board shall be received and accounted for by the board and be deposited in the state general fund.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-13 Appointment of enforcement personnel**

Sec. 13. The board may appoint committees or individuals to advise or assist the board in the administration and enforcement of this article.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-14 Actions and proceedings; judicial powers**

Sec. 14. The board may:

(1) sue and be sued in the board's name as an agency of

- the state;
- (2) issue subpoenas to compel the attendance of witnesses and the production of documents;
- (3) administer oaths; and
- (4) take testimony and receive evidence concerning matters under the board's jurisdiction.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-2-15 Adoption of rules**

Sec. 15. The board may adopt rules under IC 4-22-2 governing the administration and enforcement of this article and the conduct of licensees, including the following:

- (1) The board's meetings and conduct of business.
- (2) The procedure of investigations and hearings.
- (3) The educational and experience qualifications required for the issuance of certificates under this article and the continuing professional education required for renewal of certificates under IC 25-2.1-4.
- (4) Rules of professional conduct directed to controlling the quality and probity of the practice of accountancy by licensees, including independence, integrity, and objectivity, competence and technical standards, and responsibilities to the public and clients.
- (5) The actions and circumstances that constitute professing to be a licensee in connection with the practice of accountancy.
- (6) The manner and circumstances of use of the title "certified public accountant" and the abbreviation "CPA".
- (7) Quality reviews that may be required to be performed under this article.
- (8) Methods of applying for and conducting the examinations, including methods for grading examinations and determining a passing grade required of an applicant for a certificate. However, the board shall to the extent possible provide that the examination, grading of the examination, and the passing grades are uniform with those applicable in other states.
- (9) Substantial equivalency.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.18.*

#### **IC 25-2.1-3**

##### **Chapter 3. Certified Public Accountant**

#### **IC 25-2.1-3-1 Qualifications for certificate**

Sec. 1. The board shall issue a CPA certificate to an individual who does the following:

- (1) Demonstrates good character through lack of a history of dishonest or felonious acts.

(2) Meets the requirements set forth in of this chapter and IC 25-2.1-4.

(3) Pays the fee established by the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.19.*

#### **IC 25-2.1-3-2 Educational requirements**

*Note: This version of section effective until 1-1-2004. See also following version of this section, effective 1-1-2004.*

Sec. 2. The applicant must meet one (1) of the following education requirements:

- (1) Before January 1, 2000, graduation with a baccalaureate degree from a college or university recognized by the board, and the satisfactory completion of the number of semester hours in accounting, business administration, economics, and other related subjects that the board determines appropriate.
- (2) After December 31, 1999, a first time examination candidate must have at least one hundred fifty (150) semester hours (or the equivalent if a different grading period is used) of college education, including a baccalaureate or higher degree conferred by a college or university acceptable to the board, the total educational program to include an accounting concentration or equivalent as determined by the board to be appropriate.

*As added by P.L.30-1993, SEC.7. Amended by P.L.87-1996, SEC.4.*

#### **IC 25-2.1-3-2 Examination; qualifications; education requirement**

*Note: This version of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

Sec. 2. A first time examination candidate must have at least one hundred fifty (150) semester hours (or the equivalent if a different grading period is used) of college education, including a baccalaureate or higher degree conferred by a college or university acceptable to the board, the total educational program to include an accounting concentration or equivalent as determined by the board to be appropriate. *As added by P.L.30-1993, SEC.7. Amended by P.L.87-1996, SEC.4; P.L.6-2003, SEC.1.*

#### **IC 25-2.1-3-3 Form and subject matter of examination**

*Note: This version of section effective until 1-1-2004. See also following version of this section, effective 1-1-*

2004.

Sec. 3. The examination under section 6 of this chapter must be in writing and test the applicant's knowledge of the subjects of accounting and auditing, and other related subjects that the board specifies.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-3-3 Examination; contents**

*Note: This version of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

Sec. 3. The examination under section 5 of this chapter must test the candidate's knowledge of the subjects of accounting and auditing, and other related subjects that the board specifies, including business law and taxation.  
*As added by P.L.30-1993, SEC.7. Amended by P.L.6-2003, SEC.2.*

#### **IC 25-2.1-3-4 Time of holding examinations**

Sec. 4. (a) The board shall determine when to hold an examination.

(b) The examination must be administered at least two (2) times a year.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-3-5 Use of standardized test; contracting for administration of examination**

Sec. 5. The board may:

(1) use any part of the Uniform Certified Public Accountant Examination and Advisory Grading Service of the American Institute of Certified Public Accountants; and

(2) contract with third parties to perform administrative services for the examination as the board determines is appropriate.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-3-6 Sections of examination; reexamination of failed sections**

*Note: This version of section effective until 1-1-2004. See also following repeal of this section, effective 1-1-2004.*

Sec. 6. (a) To qualify for a CPA certificate an applicant must pass all sections of the examination provided for in this chapter.

(b) If at a sitting of the examination an applicant passes at least two (2) sections, the applicant is credited for those sections that the applicant has passed and is not required to sit

for reexamination in those sections, if:

(1) the applicant wrote all sections of the examination at one (1) sitting;

(2) the applicant attained a minimum grade of fifty (50) on each section not passed at that sitting;

(3) the applicant passes the remaining sections of the examination within six (6) consecutive examinations given after the examination at which the first sections were passed;

(4) at each subsequent sitting at which the applicant seeks to pass any additional sections, the applicant writes all sections not yet passed; and

(5) in order to receive credit for passing additional sections in each subsequent sitting, the applicant attains a minimum grade of fifty (50) on sections written but not passed on that sitting.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.20.*

#### **IC 25-2.1-3-6 Sections of examination; reexamination of failed sections - Repealed**

*Note: This repeal of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

*(Repealed by P.L.6-2003, SEC.7.)*

#### **IC 25-2.1-3-7 Credit for examination parts passed in other states**

*Note: This version of section effective until 1-1-2004. See also following version of this section, effective 1-1-2004.*

Sec. 7. An applicant shall be given credit for each section of an examination passed in another state if the credit would have been given under the requirements applicable in Indiana at the time the applicant took the examination.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-3-7 Examination in another state; partial credit**

*Note: This version of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

Sec. 7. A candidate shall retain credit for each test section of an examination passed in another state if the credit would have been given under the requirements applicable in Indiana at the time the candidate took the examination.

*As added by P.L.30-1993, SEC.7. Amended by P.L.6-2003,*



SEC.3.

**IC 25-2.1-3-8 Waiver or deferral of requirements of section 6 or 7**

*Note: This version of section effective until 1-1-2004. See also following version of this section, effective 1-1-2004.*

Sec. 8. If the applicant can show that the applicant was unable to meet the requirements of section 6 or 7 of this chapter because of circumstances beyond the applicant's control the board may waive or defer any of the requirements of sections 6 and 7 of this chapter.

*As added by P.L.30-1993, SEC.7.*

**IC 25-2.1-3-8 Examination; waiver; conditional credit**

*Note: This version of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

Sec. 8. If the candidate can show that credit was lost because of circumstances beyond the candidate's control, the board may extend the term of conditional credit validity.

*As added by P.L.30-1993, SEC.7. Amended by P.L.6-2003, SEC.4.*

**IC 25-2.1-3-9 Examination administration fees**

*Note: This version of section effective until 1-1-2004. See also following version of this section, effective 1-1-2004.*

Sec. 9. The board may charge, or provide for a third party administering the examination to charge, each applicant a fee prescribed by the board, for each section of the examination or reexamination taken by the applicant.

*As added by P.L.30-1993, SEC.7.*

**IC 25-2.1-3-9 Examination; fee**

*Note: This version of section effective 1-1-2004. See also preceding version of this section, effective until 1-1-2004.*

Sec. 9. The board may charge, or provide for a third party administering the examination to charge, each candidate a fee prescribed by the board, for each section of the examination or reexamination taken by the candidate.

*As added by P.L.30-1993, SEC.7. Amended by P.L.6-2003, SEC.5.*

**IC 25-2.1-3-10 Qualifications; experience requirement**

Sec. 10. An applicant for the initial issuance of a certificate under this chapter shall show that the applicant has had two (2) years of experience. To qualify as experience under this section, an applicant may provide any type of service or advice that:

- (1) constitutes the use of accounting, attest, compilation, management advisory, financial advisory, tax, or consulting skills as determined under the rules adopted by the board; and
- (2) is verified by the holder of an active certificate issued under this article or the corresponding provisions of another state, as determined by the board.

Experience of the type described in this section applies equally toward meeting the experience requirement of this section regardless of whether it is gained through employment in government, industry, academia, or public practice. *As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.1; P.L.128-2001, SEC.21; P.L.6-2003, SEC.6.*

**IC 25-2.1-3-11 Advanced degree in lieu of accountancy experience requirement**

Sec. 11. An advanced degree in accounting or business administration from a college or university recognized by the board, and the satisfactory completion of the semester hours in accounting, business administration, economics, and other related subjects that the board determines are appropriate, may be substituted as the board determines appropriate for experience of the type described in section 10 of this chapter. *As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.22.*

**IC 25-2.1-3-12 Good character requirement**

Sec. 12. (a) The board may refuse to grant a certificate on the ground of failure to satisfy the good character requirement only if there is a substantial connection between the lack of good character of the applicant and the professional responsibilities of a licensee.

(b) A finding by the board of lack of good character must be supported by clear and convincing evidence.

(c) When an applicant is found to be unqualified for a certificate because of a lack of good character, the board shall furnish the applicant:

- (1) a statement containing the findings of the board;
- (2) a complete record of the evidence on which the determination was based; and
- (3) a notice of the applicant's right of appeal.

*As added by P.L.30-1993, SEC.7.*

**IC 25-2.1-4**

**Chapter 4. Certificates**

#### **IC 25-2.1-4-1 Grant of certificate to qualified applicants**

Sec. 1. The board shall renew a certificate issued under this chapter, IC 25-2.1-3 (certified public accountants), or IC 25-2.1-6 (public accountants and accounting practitioners) if the holder of the certificate applies and meets the requirements under this chapter.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.23.*

#### **IC 25-2.1-4-2 Expiration date of certificate**

Sec. 2. An initial and renewed certificate expires at the earlier of the following:

- (1) Three (3) years after issuance.
- (2) At a time established by the board.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-4-3 Form and time of application; time for grant or denial; temporary certificates**

Sec. 3. (a) An application for a certificate must be made:

- (1) in a form; and
- (2) in the case of an application for renewal, between the dates the board specifies.

(b) The board shall grant or deny an application not more than ninety (90) days after the application is properly filed.

(c) If the applicant seeks the opportunity to show that issuance or renewal of a certificate was mistakenly denied, or if the board is not able to determine whether a certificate should be granted or denied, the board may issue to the applicant a temporary certificate that expires ninety (90) days after its issuance or when the board determines whether to issue or renew the certificate.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-4-4 Applicants from other states; requirements**

Sec. 4. (a) The board shall issue a CPA certificate to a holder of a certificate issued by another state if the holder meets the requirements under subsection (b) or (c).

(b) With regard to applicants who do not qualify for reciprocity under the substantial equivalency standard set forth in section 10(a)(2) of this chapter, the board shall issue a CPA certificate to a holder of a certificate issued by another state upon a showing that:

- (1) the applicant has:
  - (A) passed the examination required for issuance of the applicant's certificate; and
  - (B) the applicant:
    - (i) had four (4) years of experience in Indiana or another state of the type described in IC 25-2.1-3-10 or meets equivalent requirements prescribed by the board after passing the examination on which

the applicant's certificate was based and during the ten (10) years immediately preceding the applicant's application; and

- (ii) if the applicant's certificate was issued by the other state more than four (4) years before the application for issuance of an initial certificate under this chapter, fulfilled the requirements for continuing professional education that would have been applicable under section 5 of this chapter.

(c) The board shall issue a CPA certificate to a CPA certified by another state that seeks to establish the individual's principal place of business in Indiana if the:

- (1) individual requests the issuance of a certificate from the board before establishing the individual's principal place of business in Indiana; and
- (2) board or its designee determined that the individual's CPA qualifications are substantially equivalent to the CPA licensure requirements of Indiana.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.24.*

#### **IC 25-2.1-4-5 Continuing professional education; requirements for renewal**

Sec. 5. (a) Except as provided in subsection (c), to renew a certificate under this chapter an applicant must complete one hundred twenty (120) hours of continuing professional education during a three (3) year period with a minimum of twenty (20) hours each year.

(b) The board may prescribe the content, duration, and organization of continuing professional education courses that contribute to the general professional competence of the applicant.

(c) If a licensee desires to discontinue the practice of accountancy in Indiana, the licensee may select inactive status on the renewal form. A licensee selecting inactive status may renew a certificate under this chapter without completing the continuing professional education courses required by subsection (a).

(d) The board may establish the following:

- (1) Prorated continuing professional education requirements to be met by applicants whose initial certificates were issued substantially less than three (3) years before the renewal date.
- (2) Special lesser requirements to be met by applicants for certificate renewal whose prior

certificates lapsed substantially before their applications for renewal or for an inactive licensee who wishes to reactivate the licensee's license, when it would be inequitable to require a full compliance with all requirements of continuing professional education that would have been applicable to the period of lapse.

*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.2.*

#### **IC 25-2.1-4-6 Fees**

Sec. 6. The board shall establish fees under IC 25-1-8-2.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-4-7 Applicant information on foreign state jurisdiction licensure and suspensions; duty to provide**

Sec. 7. An applicant for initial issuance or renewal of a certificate under this chapter shall:

- (1) list each state in which the applicant has applied for or holds a certificate, license, or permit; and
- (2) notify the board in writing, not more than thirty (30) days after its occurrence, of an issuance, denial, revocation, or suspension of a certificate, license, or permit by another state.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-4-8 Foreign nation accountancy designation; requirements for state licensure**

Sec. 8. The board shall issue a CPA certificate to a holder of a designation granted in a foreign country entitling the holder to engage in the practice of accountancy if:

- (1) the foreign authority that granted the designation makes a similar provision to allow an individual who holds a valid certificate issued by the board to obtain the foreign authority's comparable designation;
- (2) the foreign designation:
  - (A) was issued by a foreign authority that regulates the practice of accountancy and has not expired, been revoked, or suspended;
  - (B) entitles the holder to issue reports for financial statements; and
  - (C) was issued upon the basis of educational and examination and experience requirements established by the foreign authority; and
- (3) the applicant:
  - (A) received the designation, based on educational and examination standards substantially equivalent to those in effect in Indiana at the time the foreign designation was granted;
  - (B) meets:
    - (i) an experience requirement substantially equivalent to the requirement under IC 25-2.1-3-10, in the jurisdiction that granted the

foreign designation;

- (ii) has completed four (4) years of experience in Indiana or another state of the type described in IC 25-2.1-3-10; or
- (iii) meets equivalent requirements established by the board within the ten (10) years immediately preceding the application; and

(C) passed a uniform qualifying examination in national standards and an examination on the laws, rules, and code of ethical conduct in effect in Indiana acceptable to the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.2-1995, SEC.94. Amended by P.L.128-2001, SEC.25.*

#### **IC 25-2.1-4-9 Applicant information on foreign accountancy designation to practice or suspension from practice; duty to provide**

Sec. 9. An applicant for initial issuance or renewal of a certificate shall in the application list each jurisdiction where the applicant has applied for or holds a designation to practice accountancy and each holder of a certificate issued under this article shall notify the board in writing, not more than thirty (30) days after its occurrence of any issuance, denial, revocation, or suspension of a designation, or the commencement of a disciplinary or enforcement action by any jurisdiction.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.26.*

#### **IC 25-2.1-4-10 Certification or permit not required for CPA certificate holders from other states**

Sec. 10. (a) An individual:

- (1) whose principal place of business is not in Indiana; and
- (2) who either:
  - (A) has a valid certificate as a CPA from any state that the board or its designee has determined to be in substantial equivalence with the CPA licensure requirements of this state; or
  - (B) has individual CPA qualifications that have been determined by the board or its designee as substantially equivalent to the CPA licensure requirements of Indiana;

shall be presumed to have qualifications substantially equivalent to this state's requirements and shall have all the privileges granted to the holder of a CPA certificate under IC 25-2.1-3 or a permit under IC 25-2.1-5.

(b) An individual to whom subsection (a) applies shall

notify the board of the individual's intent to conduct business in the state under subsection (a).

(c) An individual of another state exercising the privilege granted under this section consents, as a condition of the grant of this privilege, to:

- (1) the personal and subject matter jurisdiction and disciplinary authority of the board;
- (2) comply with this article and the board's rules; and
- (3) the appointment of the state board or agency on whom process may be served in any action or proceeding by this board against the individual.

*As added by P.L.128-2001, SEC.27.*

## **IC 25-2.1-5**

### **Chapter 5. Permits for Firms**

#### **IC 25-2.1-5-1 Grant of permit or renewal**

Sec. 1. The board shall grant or renew a permit to practice accountancy to a CPA or PA firm that applies and meets the requirements under this chapter.

*As added by P.L.30-1993, SEC.7. Amended P.L.128-2001, SEC.28.*

#### **IC 25-2.1-5-2 Expiration of renewal**

Sec. 2. An initial and renewed permit expires at the earlier of the following:

- (1) Three (3) years after issuance.
- (2) At a time established by the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.29.*

#### **IC 25-2.1-5-3 Form and time for application; grant or denial; temporary certificate**

Sec. 3. (a) An application for a permit must be made:

- (1) in a form; and
- (2) in the case of an application for renewal, between the dates the board specifies.

(b) The board shall grant or deny an application within ninety (90) days after the application is properly filed.

(c) When the applicant seeks the opportunity to show that issuance or renewal of a permit was mistakenly denied, or when the board is not able to determine whether a permit should be granted or denied, the board may issue to the applicant a temporary permit that expires ninety (90) days after issuance or when the board determines whether to issue or renew the permit.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.30.*

#### **IC 25-2.1-5-4 Application for initial certification; demonstration of firm member qualifications**

Sec. 4. (a) An applicant for initial issuance or renewal of a

permit to practice under this chapter must show that:

- (1) a simple majority of the ownership of the firm, in terms of financial interests and voting rights of all partners, officers, shareholders, members, or managers, belongs to holders of an active CPA certificate issued under this article or a corresponding certificate that is issued after examination by another state; and
- (2) the partners, officers, shareholders, members, or managers whose principal place of business is in Indiana and who practice accountancy in Indiana holds a valid CPA certificate issued under this article.

(b) For firms of public accountants, at least a simple majority of ownership of the firm, in terms of financial interest and voting rights, must belong to public accountants certified under IC 25-2.1-6.

(c) A firm issued a permit under this section may include nonlicensee owners if:

- (1) the firm designates a licensee who is responsible for the proper registration of the firm and identifies that individual to the board;
- (2) all nonlicensee owners are active individual participants in the CPA or PA firm or affiliated entities; and
- (3) the firm complies with the other requirements that the board may impose by rule.

(d) An individual licensee who is responsible for supervising attest or compilation services and signs or authorizes an individual to sign the accountant's report on the financial statements on behalf of the firm shall meet the competency requirements set out in the professional standards adopted by the board for the services.

(e) An individual licensee who signs or authorizes an individual to sign the accountant's report on financial statements on behalf of the firm shall meet the competency requirement of subsection (d).

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.31.*

#### **IC 25-2.1-5-5 Application for initial certification; registration of separate offices run by qualified person**

Sec. 5. (a) An applicant for initial issuance or renewal of a permit to practice as a CPA firm under this chapter must:

- (1) register each office of the firm within Indiana with the board; and
- (2) show that all attest and compilation services rendered in this state are under the charge of an individual holding a valid CPA certificate issued under this article or corresponding provisions of another state.

(b) An applicant for initial issuance or renewal of a permit to practice as a PA firm under this chapter must:

- (1) register each office of the firm within Indiana with the board; and
- (2) show that all attest and compilation services rendered in this state are under the charge of an individual holding a valid CPA or PA certificate issued under this article or the corresponding provision of another state.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.32.*

#### **IC 25-2.1-5-6 Fees**

Sec. 6. The board shall establish fees under IC 25-1-8-2.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-5-7 Information as to other jurisdictions where applicant practices; notice of changes in practice or suspension of members**

Sec. 7. (a) An applicant for initial issuance or renewal of a permit under this chapter shall:

- (1) list each state in which the applicant has applied for or holds a permit to practice accountancy as a firm;
- (2) list any past denial, revocation, or suspension of a permit by another state; and
- (3) notify the board in writing, not more than thirty (30) days after a change:
  - (A) in the identities of partners, members, officers, or shareholders who work regularly in Indiana;
  - (B) in the number or location of offices in Indiana;
  - (C) in the identity of the individuals in charge of the offices; and
  - (D) of the issuance, denial, revocation, or suspension of a permit by another state.

(b) Firms that fail to comply with this chapter due to changes in firm ownership or personnel, after receiving or renewing a permit shall take corrective action to bring the firm into compliance as quickly as possible. The board may grant a reasonable time for a firm to take corrective action. Failure to bring the firm into compliance within a reasonable period as determined by the board shall result in the suspension or revocation of the firm permit.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.33.*

#### **IC 25-2.1-5-8 Rules requiring quality review prior to renewal**

Sec. 8. (a) The board may adopt rules that require as a condition to renew a permit under this chapter, that an applicant undergo, not more than once every three (3) years, a quality review conducted in a manner the board specifies.

(b) If the board adopts rules under subsection (a) the rules

must:

- (1) be adopted reasonably in advance of the time when a quality review first becomes effective;
- (2) include reasonable provision for compliance by an applicant showing that the applicant has in the preceding three (3) years undergone a quality review that is a satisfactory equivalent to the quality review required under this section;
- (3) require, with respect to quality reviews under subdivision (2), that the quality review be subject to review by an oversight body established or sanctioned by the board that shall periodically report to the board on the effectiveness of the review program and provide to the board a listing of firms that have participated in a quality review program; and
- (4) require, with respect to quality reviews under subdivision (2), that:

(A) the proceedings, records, and work papers of a review committee are privileged and are not subject to discovery, subpoena, or other means of legal process or introduction into evidence in a civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding; and

(B) that a member of the review committee or individual who was involved in the quality review process is not permitted or required to testify in a civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding to matters:

- (i) produced, presented, disclosed or discussed during, or in connection with, the quality review process; or
- (ii) that involve findings, recommendations, evaluations, opinions, or other actions of the committee or a committee member.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-5-9 Quality review; confidentiality of records**

Sec. 9. (a) Notwithstanding section 8(4)(B) of this chapter, information, documents, or records that are publicly available are not immune from discovery or use in any civil action, arbitration, administrative proceeding, or Indiana board of accountancy proceeding merely because they were presented or considered in connection with the quality review process.

(b) Any:

- (1) materials prepared in connection with a particular engagement merely because they happen to subsequently be presented or considered as part of the quality review process; or
- (2) dispute between review committees and individuals or firms subject to a quality review arising from the performance of the quality review;

are not privileged.

*As added by P.L.30-1993, SEC.7.*

## **IC 25-2.1-6**

### **Chapter 6. Accounting Practitioners**

#### **IC 25-2.1-6-1 Qualifications for certification**

Sec. 1. (a) A certificate shall be granted by the board to any individual who:

- (1) is at least eighteen (18) years of age;
- (2) has not been convicted of:
  - (A) an act that would constitute a ground for disciplinary sanction under IC 25-2.1-8; or
  - (B) a felony that has a direct bearing on the applicant's ability to practice competently;
- (3) has met either of the following education and examination requirements:
  - (A) Graduation with a two (2) year associate degree from an accredited business college, college, or university recognized by the board, the total educational program to include an accounting concentration or equivalent, and passage of an examination established by the board in accounting theory and practice.
  - (B) Graduation with a baccalaureate degree conferred by a college or university recognized by the board and the satisfactory completion of the semester hours in accounting, business administration, economics, and other related subjects as the board determines to be appropriate, and passage of an examination established by the board in accounting theory; and
- (4) meets the experience requirements set forth in subsection (b).

(b) A person who submits an application for the initial issuance of a certificate under this chapter after June 30, 2001, shall show that the applicant has two (2) years of experience that meets the requirements of the board. To qualify under this section, the experience must be verified by a licensee.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC. 35.*

#### **IC 25-2.1-6-2 Eligibility for examination; education qualifications**

Sec. 2. A candidate who meets the education requirements under section 1(a)(3) of this chapter is eligible to take the examination under this chapter if the applicant also meets the

requirements under section 1(a)(2) of this chapter.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.36.*

#### **IC 25-2.1-6-3 Standards or uniform examination; grading services**

Sec. 3. The board may use any part of a standard or uniform examination and advisory grading service that are provided or furnished by national accounting organizations or societies.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-6-4 Partial completion of examination requirements in other state**

Sec. 4. If an applicant has partially passed an examination given in another state, under requirements that the board finds to be substantially equivalent to those required in examinations given in Indiana, the results of the other state examination shall be accepted in Indiana.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-6-5 Use of title "accounting practitioner"**

Sec. 5. An individual who is registered with the board to practice accounting as an accounting practitioner and holds a valid certificate issued under section 1 of this chapter or renewed under IC 25-2.1-4 may be known as an "accounting practitioner" and may use the abbreviation "AP". However, an individual registered as an accounting practitioner may not prepare or render accounting opinions or certificates for any purpose, including financial statements, schedules, reports, or exhibits for publication, credit purposes, and use in a court.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.36.*

#### **IC 25-2.1-6-6 Practice of accounting practitioner as firm**

Sec. 6. A firm engaged in Indiana in the practice of accountancy as accounting practitioners shall register with the board as a firm of accounting practitioners, and have and maintain all of the following requirements:

- (1) A least one (1) partner must be a certified public accountant, a public accountant, or an accounting practitioner who holds an active certificate to practice in Indiana.
- (2) Each partner personally engaged within Indiana in the practice of accountancy as a member of the firm must be a certified public accountant, a public accountant, or an accounting practitioner who holds an active certificate to practice in Indiana.
- (3) Each partner:
  - (A) shall be a certified public accountant, a public accountant, or an accounting practitioner in good standing of a state; or
  - (B) who is a nonresident of the United States and who is not a certified public

accountant, a public accountant, or an accounting practitioner in good standing of a state shall hold a license or rating in a foreign country that is equivalent to that of a certified public accountant, a public accountant, or an accounting practitioner in the United States.

(4) Each resident manager in charge of an office of a firm in Indiana must be a certified public accountant, a public accountant, or an accounting practitioner who holds a certificate to practice in Indiana.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.38.*

#### **IC 25-2.1-6-7 Verification of application for firm registration; notice of membership changes**

Sec. 7. (a) An application for registration must be verified by a partner, a member, an officer, or a shareholder of the firm who holds a certificate to practice in Indiana as a certified public accountant, a public accountant, or an accounting practitioner.

(b) The board shall determine whether each applicant is eligible for registration.

(c) A firm that is registered and holds a firm permit issued under this chapter may use the words "accounting practitioners" or the abbreviation "APs" in connection with the firm's name.

(d) Notification must be given the board, at least thirty (30) days after the admission to or withdrawal of a partner, a member, an officer, or a shareholder residing in Indiana from a registered firm.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.38.*

#### **IC 25-2.1-6-8 Issuance or renewal of permit to firm**

Sec. 8. (a) The board shall issue or renew a permit to an accounting practitioner firm that applies and meets the requirements under this chapter.

(b) Applications and renewals under this chapter are subject to IC 25-2.1-5-2 and IC 25-2.1-5-3.

*As added by P.L.128-2001, SEC.39.*

#### **IC 25-2.1-7**

##### **Chapter 7. Appointment of Agent**

#### **IC 25-2.1-7-1 Appointment of secretary of state as process agent**

Sec. 1. An application by an individual or a firm that is not a resident of Indiana for a certificate under IC 25-2.1-3 or IC 25-2.1-4 or a permit to practice under IC 25-2.1-5 constitutes appointment of the secretary of state as the applicant's agent on whom process may be served in an action or proceeding against the applicant arising out of a transaction or operation

connected with or incidental to the practice of accountancy by the applicant within Indiana.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-8**

##### **Chapter 8. Enforcement**

#### **IC 25-2.1-8-1 Notice and hearing rights; sanctions available; causes for imposing sanctions**

Sec. 1. (a) The board may impose sanctions for any of the following reasons:

(1) A violation of IC 25-1-11-5.

(2) Revocation or suspension of the right to practice before a state or federal agency.

(3) Dishonesty, fraud, or gross negligence in the practice of accountancy or in the filing of or failure to file the licensee's own income tax returns.

(4) Any conduct reflecting adversely on the licensee's fitness to engage in the practice of accountancy.

(5) Failure to complete continuing education requirements satisfactorily.

(6) Failure to furnish evidence, when required, of satisfactory completion of continuing education requirements.

(b) A holder of a CPA certificate issued under this article is subject to disciplinary action in this state if the CPA certificate holder:

(1) offers or renders services or used the CPA title in another state; and

(2) commits an act in that other state for which the CPA certificate holder would be subject to discipline in the other state if the CPA certificate holder were licensed in the other state.

*As added by P.L.30-1993, SEC.7. Amended by P.L.173-1996, SEC.2. Amended by P.L.128-2001, SEC.40.*

#### **IC 25-2.1-8-2 Quality review and continuing professional education requirements in addition to remedies**

Sec. 2. In place of or in addition to any remedy specifically provided in IC 25-1-11, the board may require the following of a licensee:

(1) A quality review conducted.

(2) Satisfactory completion of continuing professional education programs.

*As added by P.L.30-1993, SEC.7. Amended by P.L.173-1996, SEC.3.*

#### **IC 25-2.1-8-3 Court costs of proceedings**

*(Repealed by P.L.179-1997, SEC.8.)*

#### **IC 25-2.1-9**

##### **Chapter 9. Complaints**

**IC 25-2.1-9-1 Investigation of complaints; probable cause determinations**

Sec. 1. (a) The board may, upon receipt of a complaint or other information suggesting a violation of this article or IC 25-1-11, conduct an investigation to determine whether a violation has occurred.

(b) The board shall investigate any complaints made by the board of accountancy of another state against the holder of a CPA certificate issued under this article who offers or renders services in that state.

*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.3. Amended by P.L.128-2001, SEC.41.*

**IC 25-2.1-9-2 Investigation by investigating officer; report; probable cause findings; confidentiality of information**

Sec. 2. (a) The board may designate a member or other individual of appropriate competence to serve as investigating officer to conduct an investigation.

(b) After the completion of an investigation, the investigating officer shall file a report with the board.

(c) Unless the board has determined that there is reason to believe that the subject of an investigation has violated this article or IC 25-1-11, the report of the investigating officer, the complaint, if any, the testimony and documents submitted in support of the complaint or gathered in the investigation, and the fact of pendency of the investigation are confidential information and may not be disclosed to any individual except law enforcement authorities and, to the extent necessary to conduct the investigation, the subject of the investigation, individuals whose complaints are being investigated, and witnesses questioned in the course of the investigation.  
*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.4.*

**IC 25-2.1-9-3 Probable cause findings; disposition of complaint**

Sec. 3. (a) If the board has reason to believe that the subject of an investigation has committed a violation of this article or IC 25-1-11:

(1) the board shall direct that a complaint be issued under IC 25-2.1-7-7, if the subject of the investigation is a licensee; and

(2) the board shall take appropriate action under IC 25-2.1-13, if the subject of the investigation is not a licensee.

(b) If the board does not proceed under subsection (a), the board shall close the matter and may release the information only with the consent of the individual or firm that was under investigation.

*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.5.*

**IC 25-2.1-10****Chapter 10. Hearings****IC 25-2.1-10-1 Conduct of hearing**

Sec. 1. Each hearing conducted by the board must be held under IC 4-21.5-3.

*As added by P.L.30-1993, SEC.7.*

**IC 25-2.1-10-2 Issuance of complaint; notice of hearing**  
*(Repealed by P.L.179-1997, SEC.8.)***IC 25-2.1-10-3 Examination of report and other evidence of investigation**

*(Repealed by P.L.179-1997, SEC.8.)*

**IC 25-2.1-10-4 Subpoenas**

*(Repealed by P.L.179-1997, SEC.8.)*

**IC 25-2.1-10-5 Presentation of evidence supporting complaint**

*(Repealed by P.L.179-1997, SEC.8.)*

**IC 25-2.1-10-6 Advice of counsel to board**

*(Repealed by P.L.179-1997, SEC.8.)*

**IC 25-2.1-10-7 Notice of sanctions; foreign state accountancy boards; other state authorities and professional organizations**

Sec. 7. (a) If the board renders a decision imposing discipline against a licensee under IC 25-1-11, the board shall examine its records to determine whether the licensee holds a certificate or a permit to practice accountancy in another state and, if so, the board shall notify the board of accountancy of that state of the board's decision.

(b) The board may also furnish information relating to proceedings resulting in disciplinary action to other public authorities and to private professional organizations having a disciplinary interest in the licensee.

*As added by P.L.30-1993, SEC.7. Amended by P.L.173-1996, SEC.4.*

**IC 25-2.1-11****Chapter 11. Reinstatement****IC 25-2.1-11-1 Application for reinstatement**

*(Repealed by P.L.179-1997, SEC.8.)*

**IC 25-2.1-11-2 Continuing professional education or quality review as conditions precedent**

Sec. 2. Before reinstating a suspended certificate or permit under IC 25-1-11-14, the board may require the applicant to show successful completion of specified continuing professional education and the board may make the



reinstatement of a certificate or permit conditional on satisfactory completion of a quality review specified by the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.173-1996, SEC.5.*

### **IC 25-2.1-11-3 Rules of procedure for reinstatement**

Sec. 3. The board shall adopt rules under IC 4-22-2 concerning the procedures for reinstatement.

*As added by P.L.30-1993, SEC.7.*

## **IC 25-2.1-12**

### **Chapter 12. Violations**

#### **IC 25-2.1-12-1 Foreign country practitioners**

Sec. 1. This chapter does not apply to an individual or a firm:

- (1) that holds a designation granted in a foreign country entitling the holder to engage in the practice of accountancy or its equivalent in that country;
- (2) whose activities in Indiana are limited to the provision of professional services to individuals or firms who are residents, to governments, or to business entities of the country in which the individual holds the entitlement;
- (3) that does not issue reports with respect to the financial statements of another individual, firm, or governmental unit in Indiana; and
- (4) that does not use in Indiana any title or designation other than the title or designation under which the individual practices in the individual's country, followed by a translation of the title or designation into the English language, if it is in a different language, and by the name of the country.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-12-2 Reports of financial statements of another; right to issue by person without permit or certificate**

Sec. 2. (a) Except as provided in subsection (b), an individual or a firm not holding a valid CPA or public accountant certificate under this article or permit under IC 25-2.1-5 may not issue a report on financial statements of another individual, member, organization, or governmental unit.

(b) Notwithstanding subsection (a):

- (1) an officer, a partner, or an employee of a firm or an organization may sign a statement or report in reference to the financial affairs of the firm or organization with any wording designating the position, title, or office that the signor holds; and
- (2) a public official or employee may, in the performance by an individual of other services, use accounting skills, including the preparation of tax returns, management advisory services, and the

preparation of financial statements without the issuance of reports related to those documents.

(c) A CPA or public accountant may not issue a report in standard form upon a compilation of financial information through any form of business that does not hold a valid permit issued under IC 25-2.1-5 unless the report discloses the name of the business through which the individual is issuing the report, and the individual:

- (1) signs the compilation report identifying the individual as a CPA or public accountant; and
- (2) meets the competency requirements provided in applicable standards.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.42.*

#### **IC 25-2.1-12-3 Applicability of section 2 prohibitions**

Sec. 3. The prohibition contained in section 2 of this chapter is applicable to issuance, by an individual or a firm not holding a valid certificate or permit, of a report using any form of language conventionally used by licensees with respect to:

- (1) a review of financial statements; and
- (2) compilation of financial statements.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-12-3.5 Attest services performance prohibited**

Sec. 3.5. A holder of a CPA or PA certificate issued under this article may not perform attest services except through a firm that holds a valid permit under IC 25-2.1-5.

*As added by P.L.128-2001, SEC.43.*

#### **IC 25-2.1-12-4 Individual use of title "CPA"**

Sec. 4. (a) An individual may not use the title or designation "certified public accountant", the abbreviation "CPA" or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a certified public accountant unless the individual:

- (1) holds a valid CPA certificate;
- (2) meets the substantial equivalency standards of this article; or
- (3) is an employee of a firm holding a permit under IC 25-2.1-5 and has not been an employee long enough to meet the experience requirement under IC 25-2.1-3-10 for a certificate.

(b) A licensee who has selected inactive status on the licensee's renewal form may not use the title or designation "certified public accountant" or the abbreviation "CPA" unless the title, designation, or abbreviation is immediately followed by the word "inactive".

*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.6. Amended by P.L.128-2001, SEC.44.*

#### **IC 25-2.1-12-5 Firm use of title "CPA"**

Sec. 5. A firm may not provide attest services or use the title or designation "certified public accountant", or the abbreviation "CPA", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of certified public accountants, unless:

- (1) the firm holds a valid permit issued under IC 25-2.1-5; and
- (2) ownership of the firm meets the requirements of this article and the rules adopted by the board.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.45.*

#### **IC 25-2.1-12-6 Individual use of title "PA" or "AP"**

Sec. 6. (a) An individual may not use the title or designation "public accountant", or "accounting practitioner" the abbreviation "PA", or "AP", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the individual is a public accountant or an accounting practitioner unless the individual holds a valid certificate.

(b) A licensee who has selected inactive status on the licensee's renewal form may not use the title or designation "public accountant" or "accounting practitioner" or the abbreviation "PA" or the abbreviation "AP" unless the title, designation, or abbreviation is immediately followed by the word "inactive".

*As added by P.L.30-1993, SEC.7. Amended by P.L.179-1997, SEC.7. Amended by P.L.128-2001, SEC.46.*

#### **IC 25-2.1-12-7 Firm use of title "PA"**

Sec. 7. A firm not holding a valid permit issued under IC 25-2.1-5 may not use the title or designation "public accountant", the abbreviation "PA", or any other title, designation, words, letters, abbreviation, sign, card, or device tending to indicate that the firm is composed of public accountants.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-12-8 Use of other related titles; prohibitions**

Sec. 8. (a) An individual or a firm not holding a valid certificate or permit issued under this article may not use the title or designation "certified accountant", "chartered accountant", "enrolled accountant", "licensed accountant", "registered accountant", "accredited accountant", or other title or designation likely to be confused with the titles "certified public accountant" or "public accountant", or "accounting practitioner" or use any of the abbreviations "CA", "LA", "RA", "AA", or similar abbreviation likely to be confused with the abbreviations "CPA", "PA", or "AP".

(b) The title "enrolled agent" or "EA" may only be used by individuals who are so designated by the Internal Revenue Service under 31 CFR 10.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-*

*2001, SEC.47.*

#### **IC 25-2.1-12-9 Use of terms by persons or firms without certificate or permit; prohibitions**

Sec. 9. (a) An individual or a firm not holding a valid certificate or permit issued under this article may not use a title or designation that includes the words "accountant", "auditor", or "accounting", in connection with any other words, including statements in a report that imply that the individual or firm holds a certificate or permit or has special competence as an accountant or auditor.

(b) Notwithstanding subsection (a), this section does not prohibit an officer, a member, a partner, a public official, an employee, a firm, or an organization from signing a statement in reference to the financial affairs of the firm, office, or organization with any wording designating the position, title, or office that the signor holds.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.48.*

#### **IC 25-2.1-12-10 Practice of accountancy by uncertificated persons not employee of firm holding permit; prohibitions – Repealed**

*As added by P.L.30-1993, SEC.7. Repealed by P.L.128-2001, SEC. 51.*

#### **IC 25-2.1-12-11 Individual practitioner use of misleading firm name; firm names of successor partners**

Sec. 11. An individual licensee may not engage in the practice of accountancy in a firm holding a permit under this article using a professional or firm name or designation that is misleading about:

- (1) the legal form of the firm;
- (2) the individuals who are partners, members, officers, or shareholders of the firm; or
- (3) any other matter.

However, the names of former partners or shareholders may be included in the name of a firm or a firm's successor.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.49.*

#### **IC 25-2.1-12-12 Use of initials "P.A." by physician assistant**

Sec. 12. Use of the initials "P.A." by a physician assistant who is authorized to use the initials "P.A." by IC 25-27.5 is not a violation of this chapter.

*As added by P.L.227-1993, SEC.9.*

#### **IC 25-2.1-13**

#### **Chapter 13. Injunctions and Criminal Penalties**

#### **IC 25-2.1-13-1 Injunctive relief**

Sec. 1. (a) Whenever, as a result of an investigation under IC 25-2.1-9, the board believes that an individual or a firm has

engaged or is about to engage in an act or a practice that constitutes or will constitute a violation of IC 25-2.1-12, the board may apply to a circuit or superior court for an order enjoining the act or practice.

(b) If the board determines that the individual or firm has engaged or is about to engage in an act or practice that constitutes or will constitute a violation of IC 25-2.1-12, an injunction, a restraining order, or another appropriate order may be granted by the court.

*As added by P.L.30-1993, SEC.7. Amended by P.L.128-2001, SEC.50.*

#### **IC 25-2.1-13-2 Criminal proceedings brought by attorney general**

Sec. 2. If the board believes that an individual or a firm has knowingly engaged in an act or a practice that violates IC 25-2.1-12, the board may bring its information to the attention of the attorney general who may cause criminal proceedings to be brought against the individual or firm.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-13-3 Knowing violation of IC 25-2.1-12; offense**

Sec. 3. An individual or a firm who knowingly violates IC 25-2.1-12 commits a Class A misdemeanor.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-13-4 Evidence of single acts**

Sec. 4. In any action brought under this chapter or IC 25-2.1-10, evidence of the commission of a single act prohibited by this article is sufficient to justify a penalty, injunction, restraining order, or conviction without evidence of a general course of conduct.

*As added by P.L.30-1993, SEC.7.*

### **IC 25-2.1-14**

#### **Chapter 14. Client Records**

##### **IC 25-2.1-14-1 Confidentiality**

Sec. 1. A certified public accountant, a public accountant, an accounting practitioner, or any employee is not required to divulge information relative to and in connection with any professional service as a certified public accountant, a public accountant, or an accounting practitioner.

*As added by P.L.30-1993, SEC.7.*

##### **IC 25-2.1-14-2 Disclosures required by standards of profession**

Sec. 2. The information derived from or as the result of professional services is confidential and privileged. However, this section does not prohibit a certified public accountant, a public accountant, or an accounting practitioner from disclosing any data required to be disclosed by the standards of the profession:

- (1) in rendering an opinion on the presentation of

financial statements;

- (2) in ethical investigations conducted by private professional organizations;

- (3) in the course of quality reviews; or

- (4) in making disclosure where the financial statements or the professional services of an accountant are contested.

*As added by P.L.30-1993, SEC.7.*

##### **IC 25-2.1-14-3 Property rights in client records and reports of licensee**

Sec. 3. All statements, records, schedules, working papers, and memoranda made by a licensee or a partner, a member, a shareholder, an officer, a director, or an employee of a licensee, including information prepared by the client for the work and services rendered to a client in the practice of accountancy, except the reports submitted by the licensee to the client and records that are part of the client's records, must remain the property of the licensee except in an express agreement between the licensee and the client to the contrary.

*As added by P.L.30-1993, SEC.7.*

##### **IC 25-2.1-14-4 Transfer of records without consent of client; prohibitions**

Sec. 4. A statement, record, schedule, working paper, or memorandum may not be sold, transferred, or bequeathed without the consent of the client or the client's personal representative or assignee, to anyone except for surviving partners, members, stockholders, new partners, or new stockholders of the licensee, or any combined or merged firm or successor in interest to the licensee.

*As added by P.L.30-1993, SEC.7.*

##### **IC 25-2.1-14-5 Quality review use of papers; duration of record keeping required of licensee**

Sec. 5. (a) This chapter does not prohibit a temporary transfer of work papers or other material necessary to carry out quality reviews or to comply with the disclosure of information under this chapter.

(b) A licensee is not required to keep any work paper beyond the period prescribed in any applicable statute.

*As added by P.L.30-1993, SEC.7.*

### **IC 25-2.1-15**

#### **Chapter 15. Statute of Limitations**

##### **IC 25-2.1-15-1 Actions for negligence or breach of conduct against practitioner; scope of chapter**

Sec. 1. This chapter governs an action based on negligence or breach of contract brought against an accountant, a partnership of accountants, or an accounting corporation registered, licensed, or practicing in Indiana by an individual or a business entity claiming to have been injured as a result of financial statements or other information examined,

compiled, certified, audited, or reported on by the defendant accountant as a result of an agreement to provide professional accounting services.

*As added by P.L.30-1993, SEC.7.*

#### **IC 25-2.1-15-2 Time for commencement of action**

Sec. 2. An action under this chapter must be commenced by the earlier of the following:

- (1) One (1) year from the date the alleged act, omission, or neglect is discovered or should have been discovered by the exercise of reasonable diligence.
- (2) Three (3) years after the service for which the suit is brought has been performed or the date of the initial issuance of the accountant's report on the financial statements or other information.

*As added by P.L.30-1993, SEC.7.*

#### **IC 23-1.5**

### **ARTICLE 1.5. PROFESSIONAL CORPORATIONS**

#### **IC 23-1.5-1**

##### **Chapter 1. Definitions**

#### **IC 23-1.5-1-1 Definitions**

Sec. 1. The definitions in this chapter apply throughout this article.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-1-2 "Accounting professional"**

Sec. 2. "Accounting professional" means an individual who is licensed as:

- (1) a certified public accountant under IC 25-2.1-3;
- (2) a public accountant under IC 25-2.1-6; or
- (3) an accounting practitioner under IC 25-2.1-6.

*As added by P.L.239-1983, SEC.1. Amended by P.L.30-1993, SEC.2.*

#### **IC 23-1.5-1-5 "Bureau"**

Sec. 5. "Bureau" means the following:

- (1) In the case of an accounting professional, the Indiana professional licensing agency established under IC 25-1-6-3.
- (2) In the case of an architectural or engineering professional, the Indiana professional licensing agency established under IC 25-1-6-3.
- (3) In the case of an attorney, the state board of law examiners.
- (4) In the case of a health care professional, the health professions bureau established under IC 25-1-5-3.
- (5) In the case of a veterinarian, the health professions bureau established under IC 25-1-5-3.
- (6) In the case of a real estate professional, the

Indiana professional licensing agency established under IC 25-1-6-3.

*As added by P.L.239-1983, SEC.1. Amended by P.L.132-1984, SEC.1; P.L.169-1985, SEC.19; P.L.229-1995, SEC.1.*

#### **IC 23-1.5-1-7 "Foreign professional corporation"**

Sec. 7. "Foreign professional corporation" means a corporation for profit organized for the purpose of rendering professional services under the law of another state or country.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-1-9 "Licensing authority"**

Sec. 9. "Licensing authority" means the following:

- (1) In the case of an accounting professional, the Indiana state board of public accountancy.
- (2) In the case of an architectural professional, the board of registration for architects and landscape architects.
- (3) In the case of an engineering professional, the state board of registration for professional engineers.

(4) In the case of an attorney, the Indiana supreme court.

(5) In the case of a health care professional who is:

- (A) a chiropractor, the board of chiropractic examiners;
- (B) a dentist, the state board of dentistry;
- (C) a nurse, the Indiana state board of nursing;
- (D) an optometrist, the Indiana optometry board;
- (E) a pharmacist, the Indiana board of pharmacy;
- (F) a physical therapist, the Indiana physical therapy committee;
- (G) a physician, the medical licensing board of Indiana;
- (H) a podiatrist, the board of podiatric medicine;
- (I) a psychologist, the state psychology board; or
- (J) a speech-language pathologist, the speech-language pathology and audiology board.

(6) In the case of a veterinarian, the Indiana board of veterinary medical examiners.

(7) In the case of a land surveyor, the state board of registration for land surveyors.

(8) In the case of a real estate professional, the Indiana real estate commission.

*As added by P.L.239-1983, SEC.1. Amended by P.L.137-1985, SEC.4; P.L.169-1985, SEC.20; P.L.150-1986, SEC.2;*

*P.L.149-1987, SEC.16; P.L.23-1991, SEC.6; P.L.33-1993, SEC.8; P.L.229-1995, SEC.2; P.L.24-1999, SEC.1; P.L.82-2000, SEC.1.*

#### **IC 23-1.5-1-10 "Professional corporation"**

Sec. 10. "Professional corporation" means:

- (1) a corporation for profit organized under this article; or
- (2) a foreign corporation admitted to do business under this article.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-1-11 "Professional service"**

Sec. 11. "Professional service" means any type of service that may be legally performed only by:

- (1) an accounting professional;
- (2) an architectural or engineering professional;
- (3) an attorney;
- (4) a health care professional;
- (5) a veterinarian; or
- (6) a real estate professional.

*As added by P.L.239-1983, SEC.1. Amended by P.L.229-1995, SEC.3.*

#### **IC 23-1.5-1-12 "Qualified person"**

Sec. 12. "Qualified person" means an individual, general partnership, professional corporation, or trustee of a qualified trust that is eligible under this article to own shares issued by a professional corporation.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-1-13 Qualified trust**

Sec. 13. "Qualified trust" means one (1) of the following:

- (1) A trust of which the entire beneficial ownership is owned by a qualified person and the trustee is a qualified person.
- (2) A voting trust established under IC 23-1-31, if the beneficial owner of any shares on deposit and the trustee of the voting trust are qualified persons.
- (3) A charitable remainder unitrust or charitable remainder annuity trust that complies with each of the following conditions:
  - (A) Has one (1) or more current income recipients, all of whom are qualified persons.
  - (B) Has a trustee or an independent special trustee who:
    - (i) is a qualified person; and
    - (ii) has exclusive authority over the shares of the professional corporation while the shares are held in the trust.
  - (C) Has one (1) or more irrevocably

designated charitable remaindermen, all of which must at all times:

- (i) be domiciled; or
- (ii) maintain a local chapter; in Indiana.

(D) When distributing any assets during the term of the trust to charitable organizations, the distributions are made only to charitable organizations described in Section 170(c) of the Internal Revenue Code that:

- (i) are domiciled; or
- (ii) maintain a local chapter; in Indiana.

*As added by P.L.239-1983, SEC.1. Amended by P.L.149-1986, SEC.46; P.L.172-1996, SEC.4.*

#### **IC 23-1.5-2**

##### **Chapter 2. Administrative Provisions**

#### **IC 23-1.5-2-1 Application of 23-1**

Sec. 1. IC 23-1 applies to professional corporations formed under this article. However, in the event of a conflict between this article and IC 23-1, this article applies.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-2 Performance of administrative functions by bureaus**

Sec. 2. All administrative functions, duties, and responsibilities assigned by this article to any licensing authority shall be performed by the appropriate bureau.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-3 Formation of professional corporations; authorization of investments; admission of foreign professional corporations**

Sec. 3. (a) Except as provided in subsections (c) and (d) and IC 25-2.1-5, a professional corporation may be formed to render professional services as follows:

- (1) One (1) or more accounting professionals may form a professional corporation to render services that may legally be performed only by an accounting professional.
- (2) One (1) or more architectural or engineering professionals may form a professional corporation to render services that may legally be performed only by an architectural or engineering professional.
- (3) One (1) or more attorneys may form a professional corporation to render services that may legally be performed only by an attorney.
- (4) One (1) or more health care professionals may form a professional corporation to render services that may legally be performed only by a health care

professional.

(5) One (1) or more veterinarians may form a professional corporation to render services that may legally be performed only by a veterinarian.

(6) One (1) or more real estate professionals may form a professional corporation to render services that may legally be performed only by a real estate professional.

(b) A foreign professional corporation may be admitted to render professional services in Indiana by complying with IC 23-1.5-5.

(c) A domestic professional corporation or a foreign professional corporation admitted to render professional services in Indiana:

(1) shall have at least one (1) shareholder who is licensed in Indiana; and

(2) may have at least one (1) shareholder who is licensed under the laws of another state to render similar professional services.

(d) In addition to the professional services permitted by its articles of incorporation, a professional corporation may invest its funds in any type of investment not prohibited by law.

*As added by P.L.239-1983, SEC.1. Amended by P.L.229-1995, SEC.5; P.L.34-1997, SEC.3. Amended by P.L.128-2001, SEC.1.*

#### **IC 23-1.5-2-4 Qualifications of directors and officers**

Sec. 4. The directors of a professional corporation and all the officers other than the secretary and the treasurer must be qualified persons with respect to the corporation.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-5 Persons rendering professional services; licensing**

Sec. 5. (a) A professional corporation may render professional services only through individuals permitted to render such services in Indiana. However, individuals who are not usually and ordinarily considered by custom and practice to be rendering professional services (such as clerks, bookkeepers, and technicians) are not required to be licensed to perform their services.

(b) A licensed individual acting in his individual capacity may render professional services, even though the individual may be a shareholder, director, officer, employee, or agent of a professional corporation.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-6 Liability of corporation, shareholders and persons rendering professional services**

Sec. 6. (a) An individual who renders professional services as an employee of a professional corporation is liable for any negligent or wrongful act or omission in which he personally

participates to the same extent as if he rendered such services as a sole practitioner.

(b) An individual who renders professional services as an employee of a professional corporation is liable for the conduct of other employees of the professional corporation under his direction or control to the same extent a sole practitioner would be so liable.

(c) A corporation whose employees perform professional services within the scope of their employment or of their apparent authority to act for the corporation is liable to the same extent as its employees.

(d) Except as otherwise provided by statute or by rule of the licensing authority, the personal liability of a shareholder of a professional corporation is no greater in any respect than that of a shareholder of a corporation organized under IC 23-1.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-7 Relationship of patient or client to corporation or person performing professional services; privileged communications**

Sec. 7. (a) The relationship between an individual performing professional services as an employee of a professional corporation and a client or patient is the same as if the individual performed such services as a sole practitioner.

(b) The relationship between a professional corporation performing professional services and the client or patient is the same as between the client or patient and the individual performing the services.

(c) A privilege applicable to communications between a person rendering professional services and the person receiving such services recognized under Indiana law remains inviolate and extends to a professional corporation and its employees in all cases in which it applies to communications between an individual rendering professional services on behalf of the corporation and the person receiving such services.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-2-8 Corporate name**

Sec. 8. (a) The corporate name of every professional corporation organized under this article:

(1) must include the words "Professional Services Corporation" or "Professional Corporation" or an abbreviation of these words;

(2) may not contain any word or phrase that indicates or implies any purpose or power not possessed by corporations organizable under this article; and

(3) may not contain any word or phrase that indicates that it is organized for any purpose other than that listed in the articles of incorporation. In addition, only a professional corporation in which all

shareholders are physicians licensed under IC 25-22.5 may use the term "medical" in its corporate name.

(b) A licensing authority may by rule adopt further requirements than those specified in subsection (a) as to the names of professional corporations organized under this article.

*As added by P.L.239-1983, SEC.1.*

### **IC 23-1.5-2-9 Certificates of registration and incorporation; issuance**

Sec. 9. (a) The secretary of state may issue a certificate of incorporation under this article only if a certificate of registration has first been obtained as provided by this section.

(b) Application for a certificate of registration:

- (1) shall be made to the bureau in writing; and
- (2) must contain the name and address of the proposed corporation and such other information as may be required by a licensing authority.

(c) Upon receipt of the application, the licensing authority shall review the application and make such investigation of the proposed corporation as it considers necessary. If the licensing authority finds that:

- (1) the directors and shareholders are properly licensed in compliance with statute and the rules of the licensing authority; and
- (2) the corporation will be organized in compliance with statute and with the rules of the licensing authority;

the licensing authority shall certify to the bureau that a certificate of registration should be issued. When the bureau has received approval from the appropriate licensing authorities, the bureau shall issue, upon payment of a registration fee of twenty-five dollars (\$25), a certificate of registration.

(d) The incorporators shall present the certificate of registration to the secretary of state at the time the articles of incorporation are presented for filing.

(e) The secretary of state shall issue a certificate of incorporation within sixty (60) days after the date the articles of incorporation are filed, if he finds that the articles of incorporation conform to law.

(f) After the articles of incorporation are approved, the secretary of state shall:

- (1) place his endorsement on the certificate of registration; and
- (2) return to the incorporators the certificate of registration and the certificate of incorporation, along with all accompanying documents.

(g) The certificate of registration takes effect upon the issuance of the certificate of incorporation by the secretary of state, and remains in effect until January 31 following the date of incorporation.

*As added by P.L.239-1983, SEC.1.*

### **IC 23-1.5-2-10 Certification of registration; renewal**

Sec. 10. (a) The certificate of registration must be renewed biennially before January 31 of even numbered years. The holder of the certificate of registration must apply for renewal by submitting to the bureau:

- (1) a written application upon a form prescribed by the bureau; and
- (2) a fee of twenty dollars (\$20).

(b) The licensing authority shall submit its approval to the bureau for the renewal of the certificate of registration if the licensing authority finds that the corporation has complied with:

- (1) this chapter; and
- (2) the rules of the licensing authority.

*As added by P.L.239-1983, SEC.1. Amended by P.L.152-1988, SEC.4.*

### **IC 23-1.5-2-11 Repealed**

*(Repealed by P.L.34-1997, SEC.26.)*

### **IC 23-1.5-2-11.1 Biennial report**

Sec. 11.1. A professional corporation must file a biennial report under IC 23-1.

*As added by P.L.34-1997, SEC.4.*

## **IC 23-1.5-3**

### **Chapter 3. Ownership**

### **IC 23-1.5-3-1 Shares; issuance; transfer**

Sec. 1. (a) Except as provided in IC 25-2.1-5, a professional corporation may issue shares, fractional shares, and rights or options to purchase shares only to:

- (1) individuals who are authorized by Indiana law or the laws of another state to render a professional service permitted by the articles of incorporation of the corporation;
- (2) general partnerships in which all the partners are authorized by Indiana law or the laws of another state to render a professional service permitted by the articles of incorporation of the corporation;
- (3) professional corporations authorized by Indiana law or the laws of another state to render a professional service permitted by the articles of incorporation of the corporation; and
- (4) the trustee of a qualified trust.

(b) When determined necessary by the licensing authority for any profession in order to prevent violations of the ethical standards of the profession, the licensing authority may by rule further restrict, condition, or abridge the authority of professional corporations to issue shares, but no such rule may, of itself, have the effect of causing a shareholder of a

professional corporation at the time the rule becomes effective to become a disqualified person. All shares issued in violation of:

- (1) this section; or
- (2) any rule adopted by a licensing authority as provided by this section;

are void.

(c) Except as provided in IC 25-2.1-5, a shareholder of a professional corporation may transfer or pledge shares, fractional shares, and rights or options to purchase shares of the corporation only to individuals, general partnerships, professional corporations, and trustees of qualified trusts qualified under this article to own shares issued directly to them by the professional corporation. A transfer of shares in violation of this subsection is void; however, this subsection does not apply to the transactions described in section 3 of this chapter.

(d) Each certificate representing shares of a professional corporation must state conspicuously upon its face that the shares represented by that certificate are subject to:

- (1) restrictions on transfer imposed by this article; and
- (2) such restrictions on transfer as may be imposed by the licensing authority under this article.

(e) This section does not permit or authorize an individual to practice within Indiana any profession with respect to which a license or registration is required by the state without the individual being licensed or registered under the laws of the state.

*As added by P.L.239-1983, SEC.1. Amended by P.L.34-1997, SEC.5. Amended by P.L.128-2001, SEC.2.*

### **IC 23-1.5-3-2 Authority to purchase shares from disqualified persons**

Sec. 2. A professional corporation may purchase its own shares from a disqualified person without regard to the availability of capital or earned surplus for the purchase; however, no purchase of or payment for its own shares may be made at a time when the corporation is insolvent or when the purchase or payment would make it insolvent.

*As added by P.L.239-1983, SEC.1.*

### **IC 23-1.5-3-3 Transfer or purchase of shares from disqualified persons; procedure**

Sec. 3. (a) Whenever:

- (1) a shareholder of a professional corporation dies;
- (2) a shareholder of a professional corporation becomes a disqualified person;
- (3) a charitable remainder unitrust or charitable remainder annuity trust that holds shares of a professional corporation becomes a disqualified person; or
- (4) shares of a professional corporation are

transferred by operation of law or court decree to a disqualified person;

the shares of the deceased shareholder or disqualified person may be transferred to a qualified person. If the shares are not so transferred, the shares shall be purchased or redeemed by the corporation to the extent of funds that may legally be made available for the purchase, as provided in section 2 of this chapter.

(b) Within five (5) months after such death or thirty (30) days after such a disqualification or transfer, if the price and method of payment for such shares is not fixed or ascertainable by the articles of incorporation or bylaws of the corporation or by private agreement, the corporation shall make a written offer to pay for the shares at a specified price determined by the corporation to be the fair value of the shares as of the date of the death, disqualification, or transfer. The offer:

- (1) shall be given to the disqualified person, which, in the case of a deceased shareholder, is the executor, administrator, or heirs at law if there is no executor or administrator; and
- (2) must be accompanied by:

(A) a balance sheet of the corporation, as of the latest available date and not more than twelve (12) months before the making of the offer; and

(B) an income statement of the corporation for the twelve (12) month period ending on the date of the balance sheet.

(c) If the fair value of the shares is agreed upon between the disqualified person and the corporation within thirty (30) days after the date of the written offer from the corporation, payment for the shares shall be made upon surrender of the certificate or certificates representing the shares:

- (1) within sixty (60) days after the date of the offer; or
- (2) at such other time as the parties may fix by agreement.

Upon payment of the agreed value, the disqualified person ceases to have any interest in the shares.

(d) If the disqualified person and the corporation do not agree on the fair value of the shares within thirty (30) days after the corporation's written offer, the following procedures apply:

- (1) The disqualified person may make written demand within sixty (60) days after the date of the corporation's written offer that the corporation file a petition in the circuit or superior court in the county where the principal office of the corporation is located, requesting that the fair value of the shares be determined. The corporation shall file a petition under this subdivision within thirty (30) days after receipt of written demand from the disqualified



person. If the corporation fails to institute the proceeding as required by this subdivision, the disqualified person may do so within sixty (60) days after delivery of the written demand to the corporation.

(2) If the corporation so elects at any time within sixty (60) days after the date of the corporation's written offer, it may file a petition for the determination of the fair value of the shares in the circuit or superior court in the county where the principal office of the corporation is located.

(3) The disqualified person shall be made a party to any proceeding under this subsection.

(4) All proceedings instituted under this subsection shall be governed by the Indiana rules of trial procedure.

(5) In a proceeding under this subsection, the court may appoint one (1) or more persons as appraisers to receive evidence and make a recommendation to the court on the question of the fair value of the shares. The appraisers have such authority as shall be specified in the appointment order of the court.

(e) In a proceeding under subsection (d), the disqualified person is entitled to judgment against the corporation for the amount of the fair value of his shares as of the date of death, disqualification, or transfer, upon surrender to the corporation of the certificate or certificates representing the shares. The court may order that the judgment be paid by the corporation in such installments as the court determines to be fair and just. The judgment may include an allowance for interest, not to exceed the legal rate of interest for judgments specified in IC 24-4.6-1-101, from the date of death, disqualification, or transfer.

(f) Except as provided in this subsection, the costs and expenses of any proceeding under subsection (d) shall be determined by the court and shall be assessed against the corporation. If the fair value of the shares as determined by the court does not exceed the amount specified in the last written offer made by the corporation, the court may assess all or any part of the costs and expenses of the proceeding against the disqualified person. For purposes of this subsection, expenses include:

(1) reasonable compensation for and reasonable expenses of the appraisers; and

(2) reasonable fees and expenses of counsel.

(g) If a purchase, redemption, or transfer of the shares of a deceased or disqualified shareholder or of a transferee who is a disqualified person is not completed within ten (10) months after the death of the deceased shareholder or within five (5) months after the disqualification or transfer, the corporation shall immediately cancel the shares on its books, and the disqualified person as of the date of cancellation has no further interest as a shareholder in the corporation other than

his right to payment for such shares under this section. A corporation may not cancel its shares if a petition for a determination of fair value has been filed under this section in a circuit or superior court.

(h) Shares acquired by a corporation:

(1) in payment of the agreed value for the shares; or  
(2) in payment of a judgment entered for the payment of those shares, as provided in this section; may be held and disposed of by the corporation as in the case of other treasury shares.

(i) Any provision regarding purchase, redemption, or transfer of shares of a professional corporation contained in the articles of incorporation, bylaws, or any private agreement is specifically enforceable in the courts of this state.

(j) This section does not prevent or relieve a professional corporation from paying pension benefits or other deferred compensation for services rendered to or on behalf of a former shareholder as otherwise permitted by law.

*As added by P.L.239-1983, SEC.1. Amended by P.L.172-1996, SEC.5.*

#### **IC 23-1.5-3-4 Proxies; voting trusts**

Sec. 4. (a) A proxy for shares of a professional corporation is valid only if it is given to a qualified person of that corporation.

(b) A voting trust with respect to shares of a professional corporation is valid only if all the trustees and beneficiaries of the voting trust are qualified persons.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-3-5 Powers of administrator, executor, guardian, etc., of estate shareholder who holds all outstanding shares**

Sec. 5. This section applies to an administrator, executor, guardian, conservator, or receiver of the estate of a shareholder of a professional corporation who holds all of the outstanding shares of the corporation. Such a person may:

(1) exercise voting rights; and

(2) serve as a director and officer of the corporation; for the purposes of amending the articles of incorporation as provided in IC 23-1.5-4-2 or dissolving the corporation.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-3-6 Filing of articles of incorporation; notice of change of ownership or address**

Sec. 6. (a) A professional corporation shall file a copy of its articles of incorporation, certified by the secretary of state, with the bureau. Thereafter, the corporation shall file with the bureau certified copies of all amendments to its articles of incorporation, including articles of acceptance and all articles of merger to which the corporation is a party.

(b) A professional corporation shall notify the bureau of a change in the ownership of any of the shares in the

professional corporation or a change in its business address within thirty (30) days after the date of the change. Notice of change in ownership must contain the names and post office addresses of the transferor shareholder and the transferee shareholder, and notice of change of business address must contain the street address of the old location and the street address of the new location.

*As added by P.L.239-1983, SEC.1. Amended by P.L.34-1997, SEC.6.*

#### **IC 23-1.5-4**

#### **Chapter 4. Change of Corporate Form**

##### **IC 23-1.5-4-1 Merger and consolidation**

Sec. 1. (a) A professional corporation may merge or consolidate with another corporation, domestic or foreign, only if every shareholder of each corporation is qualified to be a shareholder of the surviving or new corporation.

(b) Upon the merger or consolidation of a professional corporation, if the surviving or new corporation is to render professional services in Indiana, it shall comply with this article.

*As added by P.L.239-1983, SEC.1.*

##### **IC 23-1.5-4-2 Cessation of professional services**

Sec. 2. (a) If a professional corporation ceases to render professional services, the corporation shall:

- (1) amend its articles of incorporation to delete from its stated purposes the rendering of professional services; and
- (2) conform to the requirements of IC 23-1 regarding its corporate name.

(b) The corporation may then continue in existence as a corporation under IC 23-1 and is no longer subject to this article.

*As added by P.L.239-1983, SEC.1.*

##### **IC 23-1.5-4-3 Involuntary dissolution**

Sec. 3. (a) A professional corporation formed under this article may be involuntarily dissolved as provided by IC 23-1-47.

(b) In addition to the causes specified in IC 23-1-47 for the involuntary dissolution of a corporation, a failure to comply with this article is a cause for the involuntary dissolution of a professional corporation under IC 23-1-46.

*As added by P.L.239-1983, SEC.1. Amended by P.L.34-1987, SEC.278.*

##### **IC 23-1.5-4-4 Right of corporation to accept this article**

Sec. 4. (a) Any corporation organized under Indiana law for any purpose or purposes for which a corporation might be organized under this article, and existing on September 1, 1983, may accept this article, and avail itself of the rights and

privileges provided by this article, by complying with this article. Without limitation, this right to accept this article extends to any corporation formed under this or any other general statute, for any purpose or purposes for which a corporation might be organized under this article, if the corporation existed on or after September 1, 1983, or if its articles of incorporation fix a time of corporate existence that has terminated or thereafter terminates, if this corporation files its articles of acceptance within two (2) years after such termination. The acceptance of this article may be effected by the officer, directors, and members of the corporation or by persons acting as such.

(b) Upon acceptance and compliance with the requirements of this article, the corporation shall be considered to have existed since termination and its acts, during this time, have the same validity as if performed before termination.

(c) This section does not apply to any corporation whose corporate franchise has been forfeited under any other statute.  
*As added by P.L.239-1983, SEC.1.*

##### **IC 23-1.5-4-5 Articles of acceptance; approval by board of directors and members; presentation to secretary of state**

Sec. 5. (a) The board of directors or trustees of a corporation desiring to accept this article shall, by a resolution adopted by a majority vote of the board, approve articles of acceptance setting forth the following information:

- (1) The name of the corporation.
- (2) The location of its principal office and the name and address of its resident agent.
- (3) The date of its incorporation.
- (4) A designation of the law under which it was organized.
- (5) A declaration that it accepts all of the terms and provisions of this article.
- (6) A restatement of those provisions of its articles of incorporation or association that it desires to have continued in effect, as long as the provisions restated would have been authorized by this article as provisions of original articles of incorporation for a corporation organized under this article. Failure to restate such provisions in the articles of acceptance constitutes nonconformance to law, and the secretary of state shall refuse to file these articles of acceptance. Any provision not stated in its articles of acceptance is not effective after the articles are filed; however, this subdivision does not prevent any corporation from adopting and filing amended articles of acceptance that make the articles conform to this subdivision. Amended articles of acceptance shall be filed and recorded in the same manner as required for original articles of acceptance.

(b) The resolution of the board of directors approving the articles of acceptance must direct that the articles be

submitted to a vote of those members of the corporation who are entitled to vote in respect to the articles, at a designated meeting, which may be an annual meeting of members or a special meeting of those members who are entitled to vote. If the designated meeting is an annual meeting, notice of the submission of the articles of acceptance shall be included in the notice of the annual meeting. If it is a special meeting, it shall be called by the resolution designating the meeting and notice shall be given at the time and in the manner provided in IC 23-17-10.

(c) The articles of acceptance approved by the board of directors shall be submitted to a vote of the members as provided in subsection (b). To be adopted, they must receive the affirmative votes of two-thirds (2/3) of the members entitled to vote.

- (d) Upon approval and adoption, the articles of acceptance:
- (1) shall be signed in duplicate, in the form prescribed by the secretary of state, by any current officer of the corporation and verified and affirmed subject to penalties for perjury; and
  - (2) shall be presented in duplicate to the secretary of state at his office, accompanied by those fees prescribed by law.

*As added by P.L.239-1983, SEC.1. Amended by P.L.179-1991, SEC.27.*

#### **IC 23-1.5-4-6 Articles of acceptance; approved by secretary of state**

Sec. 6. Upon the presentation of the articles of acceptance, the secretary of state, if he finds they conform to the requirements of section 5 of this chapter, shall endorse his approval upon both of the copies of the articles, and, when all fees have been paid as required by law, shall:

- (1) file one (1) copy of the articles in his office;
- (2) issue a certificate of acceptance; and
- (3) return to the corporation the remaining copy of the articles of acceptance, bearing the endorsement of his approval, together with the certificate of acceptance.

*As added by P.L.239-1983, SEC.1.*

#### **IC 23-1.5-4-7 Certificate of acceptance; issuance**

Sec. 7. The acceptance becomes effective upon issuance of a certificate of acceptance by the secretary of state. The corporation is entitled to all rights and privileges and is subject to all penalties, liabilities, and restrictions provided by this article granted to or imposed upon corporations organized under this article. The articles of incorporation shall be considered to be amended to the extent, if any, that any provision or provisions of the articles are restated in the articles of acceptance.

*As added by P.L.239-1983, SEC.1.*

### **IC 23-1.5-5**

#### **Chapter 5. Foreign Professional Corporations**

##### **IC 23-1.5-5-1 Necessity of compliance with 23-1-11 and this article**

Sec. 1. A foreign professional corporation desiring to be admitted to render professional services in Indiana must:

- (1) comply with IC 23-1-49; and
- (2) comply with this article.

IC 23-1-50 applies to the foreign professional corporation. *As added by P.L.239-1983, SEC.1. Amended by P.L.11-1987, SEC.26.*

##### **IC 23-1.5-5-2 Revocation of certificate of admission**

Sec. 2. The certificate of admission of any foreign corporation admitted to render professional services in Indiana may be revoked at any time by the secretary of state:

- (1) as provided by IC 23-1-51; or
- (2) for failure to comply with this article.

*As added by P.L.239-1983, SEC.1. Amended by P.L.34-1987, SEC.279.*

### **IC 25-1-11**

#### **Chapter 11. Professional Licensing Standards of Practice**

##### **IC 25-1-11-1 "Board" defined**

Sec. 1. As used in this chapter, "board" means any of the following:

- (1) Indiana board of accountancy (IC 25-2.1-2-1).
- (2) Board of registration for architects and landscape architects (IC 25-4-1-2).
- (3) Indiana auctioneer commission (IC 25-6.1-2).
- (4) State board of barber examiners (IC 25-7-5-1).
- (5) State boxing commission (IC 25-9-1).
- (6) State board of cosmetology examiners (IC 25-8-3-1).
- (7) State board of registration of land surveyors (IC 25-21.5-2-1).
- (8) State board of funeral and cemetery service (IC 25-15-9).
- (9) State board of registration for professional engineers (IC 25-31-1-3).
- (10) Indiana plumbing commission (IC 25-28.5-1-3).
- (11) Indiana real estate commission (IC 25-34.1-2-1).
- (12) Real estate appraiser licensure certification board (IC 25-34.1-8).
- (13) Private detectives licensing board (IC 25-30-1-5.1).
- (14) Manufactured home installer licensing board (IC 25-23.7).
- (15) Home inspectors licensing board (IC 25-20.2-

3-1).

*As added by P.L.214-1993, SEC.1. Amended by P.L.2-1995, SEC.93; P.L.234-1995, SEC.5; P.L.82-2000, SEC.6; P.L.162-2002, SEC.6; P.L.145-2003, SEC.6.*

#### **IC 25-1-11-2 "Practitioner" defined**

Sec. 2. As used in this chapter, "practitioner" means a person that holds:

- (1) an unlimited license, certificate, registration, or permit;
- (2) a limited or probationary license, certificate, registration, or permit;
- (3) a temporary license, certificate, registration, or permit;
- (4) an intern permit; or
- (5) an inactive license;

issued by the board regulating a profession.

*As added by P.L.214-1993, SEC.1. Amended by P.L.236-1995, SEC.1.*

#### **IC 25-1-11-3 "License" defined**

Sec. 3. As used in this chapter, "license" includes a license, certificate, registration, or permit.

*As added by P.L.214-1993, SEC.1.*

#### **IC 25-1-11-4 "Person" defined**

Sec. 4. As used in this chapter, "person" means an individual, a partnership, a corporation, or a limited liability company.

*As added by P.L.214-1993, SEC.1. Amended by P.L.236-1995, SEC.2.*

#### **IC 25-1-11-5 Practitioner compliance with professional standards; findings meriting disciplinary sanctions**

Sec. 5. (a) A practitioner shall comply with the standards established by the board regulating a profession. A practitioner is subject to the exercise of the disciplinary sanctions under section 12 of this chapter if, after a hearing, the board finds that:

- (1) a practitioner has:
  - (A) engaged in or knowingly cooperated in fraud or material deception in order to obtain a license to practice, including cheating on a licensing examination;
  - (B) engaged in fraud or material deception in the course of professional services or activities; or
  - (C) advertised services or goods in a false or misleading manner;
- (2) a practitioner has been convicted of a crime that has a direct bearing on the practitioner's ability to continue to practice competently;
- (3) a practitioner has knowingly violated a state

statute or rule or federal statute or regulation regulating the profession for which the practitioner is licensed;

(4) a practitioner has continued to practice although the practitioner has become unfit to practice due to:

- (A) professional incompetence;
- (B) failure to keep abreast of current professional theory or practice;
- (C) physical or mental disability; or
- (D) addiction to, abuse of, or severe dependency on alcohol or other drugs that endanger the public by impairing a practitioner's ability to practice safely;

(5) a practitioner has engaged in a course of lewd or immoral conduct in connection with the delivery of services to the public;

(6) a practitioner has allowed the practitioner's name or a license issued under this chapter to be used in connection with an individual or business who renders services beyond the scope of that individual's or business's training, experience, or competence;

(7) a practitioner has had disciplinary action taken against the practitioner or the practitioner's license to practice in another state or jurisdiction on grounds similar to those under this chapter;

(8) a practitioner has assisted another person in committing an act that would constitute a ground for disciplinary sanction under this chapter; or

(9) a practitioner has allowed a license issued by a board to be:

- (A) used by another person; or
- (B) displayed to the public when the license has expired, is inactive, or has been revoked or suspended.

(b) If an applicant or a practitioner has engaged in or knowingly cooperated in fraud or material deception to obtain a license to practice, including cheating on the licensing examination, the board may rescind the license if it has been granted, void the examination or other fraudulent or deceptive material, and prohibit the applicant from reapplying for the license for a length of time established by the board. An applicant who is aggrieved by a decision of the board under this section is entitled to hearing and appeal rights under the Indiana administrative rules and procedures act (IC 4-21.5).

(c) The board may deny licensure to an applicant who has had disciplinary action taken against the applicant or the applicant's license to practice in another state or jurisdiction or who has practiced without a license in violation of the law.

(d) A certified copy of the record of disciplinary action is conclusive evidence of the other jurisdiction's disciplinary action under subsection (a)(7) or subsection (c).

*As added by P.L.214-1993, SEC.1. Amended by P.L.84-1998,*

SEC.6; P.L.113-1999, SEC.1.

**IC 25-1-11-9.5 Investigations; summary review of complaint against practitioner**

Sec. 9.5. (a) On receipt of a complaint or an information alleging that a person licensed under this chapter has engaged in or is engaging in a practice that jeopardizes the public health, safety, or welfare, the board shall initiate an investigation against the person.

(b) Any complaint filed with the office of the attorney general alleging a violation of this chapter shall be referred to the board for summary review and for its general information and any authorized action at the time of the filing.

(c) The board shall assign one (1) or more of its members to conduct a fact finding investigation as the board considers proper in relation to the complaint.

*As added by P.L.237-1995, SEC.1.*

**IC 25-1-11-10 Physical and mental examination of practitioner**

Sec. 10. The board may order a practitioner to submit to a reasonable physical or mental examination if the practitioner's physical or mental capacity to practice safely and competently is at issue in a disciplinary proceeding.

*As added by P.L.214-1993, SEC.1. Amended by P.L.178-1997, SEC.1.*

**IC 25-1-11-11 Refusal of physical or mental examination; summary suspension**

Sec. 11. Failure to comply with a board order to submit to a physical or mental examination makes a practitioner liable to summary suspension under section 13 of this chapter.

*As added by P.L.214-1993, SEC.1.*

**IC 25-1-11-12 Sanctions for violations**

Sec. 12. (a) The board may impose any of the following sanctions, singly or in combination, if the board finds that a practitioner is subject to disciplinary sanctions under sections 5 through 9 of this chapter:

- (1) Permanently revoke a practitioner's license.
- (2) Suspend a practitioner's license.
- (3) Censure a practitioner.
- (4) Issue a letter of reprimand.
- (5) Place a practitioner on probation status and require the practitioner to:
  - (A) report regularly to the board upon the matters that are the basis of probation;
  - (B) limit practice to those areas prescribed by the board;
  - (C) continue or renew professional education approved by the board until a satisfactory degree of skill has been attained in those areas that are the basis of

the probation; or

(D) perform or refrain from performing any acts, including community restitution or service without compensation, that the board considers appropriate to the public interest or to the rehabilitation or treatment of the practitioner.

(6) Assess a civil penalty against the practitioner for not more than one thousand dollars (\$1,000) for each violation listed in sections 5 through 9 of this chapter except for a finding of incompetency due to a physical or mental disability.

(b) When imposing a civil penalty under subsection (a)(6), the board shall consider a practitioner's ability to pay the amount assessed. If the practitioner fails to pay the civil penalty within the time specified by the board, the board may suspend the practitioner's license without additional proceedings. However, a suspension may not be imposed if the sole basis for the suspension is the practitioner's inability to pay a civil penalty.

(c) The board may withdraw or modify the probation under subsection (a)(5) if the board finds after a hearing that the deficiency that required disciplinary action has been remedied or that changed circumstances warrant a modification of the order.

*As added by P.L.214-1993, SEC.1. Amended by P.L.32-2000, SEC.12.*

**IC 25-1-11-13 Summary suspension of practitioners**

Sec. 13. The board may summarily suspend a practitioner's license for ninety (90) days before a final adjudication or during the appeals process if the board finds that a practitioner represents a clear and immediate danger to the public's health, safety, or property if the practitioner is allowed to continue to practice. The summary suspension may be renewed upon a hearing before the board, and each renewal may be for not more than ninety (90) days.

*As added by P.L.214-1993, SEC.1. Amended by P.L.178-1997, SEC.2.*

**IC 25-1-11-14 Reinstatement of suspended license**

Sec. 14. The board may reinstate a license that has been suspended under this chapter if, after a hearing, the board is satisfied that the applicant is able to practice with reasonable skill, safety, and competency to the public. As a condition of reinstatement, the board may impose disciplinary or corrective measures authorized under this chapter.

*As added by P.L.214-1993, SEC.1. Amended by P.L.178-1997, SEC.3.*

**IC 25-1-11-15 Reinstatement of revoked license**

Sec. 15. The board may not reinstate a license that has been revoked under this chapter. An individual whose license has

been revoked under this chapter may not apply for a new license until seven (7) years after the date of revocation.

*As added by P.L.214-1993, SEC.1.*

#### **IC 25-1-11-16 Consistence of sanctions**

Sec. 16. The board shall seek to achieve consistency in the application of sanctions authorized in this chapter. Significant departures from prior decisions involving similar conduct must be explained in the board's findings or orders.

*As added by P.L.214-1993, SEC.1.*

#### **IC 25-1-11-17 Surrender of practitioner license**

Sec. 17. A practitioner may petition the board to accept the surrender of the practitioner's license instead of having a hearing before the board. The practitioner may not surrender the practitioner's license without the written approval of the board, and the board may impose any conditions appropriate to the surrender or reinstatement of a surrendered license.

*As added by P.L.214-1993, SEC.1.*

#### **IC 25-1-11-18 Costs; practitioners subjected to sanctions**

Sec. 18. A practitioner who has been subjected to disciplinary sanctions may be required by a board to pay the costs of the proceeding. The practitioner's ability to pay shall be considered when costs are assessed. If the practitioner fails to pay the costs, a suspension may not be imposed solely upon the practitioner's inability to pay the amount assessed. These costs are limited to costs for the following:

- (1) Court reporters.
- (2) Transcripts.
- (3) Certification of documents.
- (4) Photo duplication.
- (5) Witness attendance and mileage fees.
- (6) Postage.
- (7) Expert witnesses.
- (8) Depositions.
- (9) Notarizations.

*As added by P.L.214-1993, SEC.1.*

### **TITLE 872 INDIANA BOARD OF ACCOUNTANCY**

*NOTE: Under IC 25-2.1-2-1, the name of the Indiana State Board of Public Accountancy is changed to Indiana Board of Accountancy, effective January 1, 1994.*

## **ARTICLE 1. GENERAL PROVISIONS**

### **Rule 0.5. Definitions**

#### **872 IAC 1-0.5-1 Definitions**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-1-7

Sec. 1. The following definitions apply throughout

this title:

- (1) **"Accounting internship"** means work experience in accounting obtained with an employer for credit from a university or college.
- (2) **"AICPA"** means American Institute of Certified Public Accountants.
- (3) **"AP"** means accounting practitioner.
- (4) **"Board"** means the Indiana board of accountancy.
- (5) **"Bookkeeping"** means the recording, classifying, and summarizing of financial transactions of an entity from original documents for the purpose of preparing financial statements for internal use of management.
- (6) **"Corporate internal audit position"** means work experience in the examination and evaluation of the adequacy and effectiveness of an organization's accounting and financial records and its system of internal control.
- (7) **"Course"** includes the following:
  - (A) Seminars.
  - (B) Workshops.
  - (C) Panel discussions.
  - (D) Technical sessions.
  - (E) Similar terms to describe organized instruction.
- (8) **"CPA"** means certified public accountant.
- (9) **"CPE"** means continuing professional education.
- (10) **"Financial statements"** means the results of arranging fiscal transactions into a form in order to provide readers with information.
- (11) **"Firm"** has the meaning as set forth in IC 25-2.1-1-7. The term includes entities organized under the laws of Indiana or any other state, including limited liability partnerships.
- (12) **"Full-time employment"** means a position in which the individual:
  - (A) works at least forty (40) hours per week; or
  - (B) if a teaching position, carries a teaching load of at least twelve (12) semester hours or the equivalent.
- (13) **"He", "his", or "him"**, the masculine pronouns, includes the feminine and the neuter gender.
- (14) **"Hours"**, used without a modifier, means CPE credit hours.
- (15) **"PA"** means public accountant.
- (16) **"Public communication"** means a communication made in identical form to multiple persons or to the world at large, as by television, radio, motion picture, newspaper, pamphlet, mass mailing, letterhead, business card, or directory.

Any provision in this article that requires a specific number of

semester credit hours shall be converted to the equivalent if a different grading period is used at the college or university. Unless it is established that a different equivalency applies, it shall be presumed that the correct equivalency is two (2) semester hours for every three (3) quarter hours. (*Indiana Board of Accountancy; 872 IAC 1-0.5-1; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1925; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1029; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2342; errata filed Sep 14, 1994, 2:50 p.m.: 18 IR 269; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3932; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1650; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

## **Rule 1. Requirements for Certification, Licensure, and Registration**

### **872 IAC 1-1-1 Power to grant licenses; prohibited activities of unlicensed persons (*Repealed*)**

Sec. 1. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1044; errata, 8 IR 1046*)

### **872 IAC 1-1-2 Applications for examination or registration; use of forms; filing deadlines**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1

Sec. 2. Applications must be made on forms authorized by the board. Reproductions will not be accepted. The forms include detailed instructions that if followed, should furnish the board or the board's designee with sufficient information to enable it to pass upon the candidate's eligibility for examination or the applicant's eligibility for registration. The board or the board's designee may require candidates to provide photographs, certified transcripts of education achievement, and other relevant data. (*Indiana Board of Accountancy; Rule 69-1,2; filed Jun 30, 1978, 9:54 a.m.: 1 IR 394; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1927; filed May 1, 1984, 12:50 p.m.: 7 IR 1538; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1030; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2733*)

### **872 IAC 1-1-3 Age of applicant (*Repealed*)**

Sec. 3. (*Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352*)

### **872 IAC 1-1-4 Residence requirements (*Repealed*)**

Sec. 4. (*Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352*)

### **872 IAC 1-1-5 Character references (*Repealed*)**

Sec. 5. (*Repealed by Indiana Board of Accountancy; filed Aug 28, 1986, 3:20 p.m.: 10 IR 72*)

### **872 IAC 1-1-6 Educational requirements; transcripts (*Repealed*)**

Sec. 6. (*Repealed by Indiana Board of Accountancy; filed Aug 3, 2001, 4:34 p.m.: 24 IR 3990*)

#### **872 IAC 1-1-6.1 Educational requirements**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.1. (a) Compliance with IC 25-2.1-3-2 regarding educational requirements for first time CPA examination candidates will be met by obtaining at least one hundred fifty (150) semester hours of college education, including a baccalaureate or higher degree from an accredited college or university. As part of the one hundred fifty (150) semester hours, a candidate must meet any one (1) of the following conditions:

(1) Earned a graduate degree from a college or university that is accredited by an accrediting organization as included in section 6.3 of this rule and completed:

(A) at least twenty-four (24) semester hours in accounting at the undergraduate level or fifteen (15) semester hours in accounting at the graduate level or an equivalent combination thereof; and

(B) at least twenty-four (24) semester hours in business administration and economics courses, other than accounting courses, at the undergraduate or graduate level.

The business administration courses may include up to six (6) hours of business and tax law courses and up to six (6) hours of computer science courses. The accounting hours must include courses covering the subjects of financial accounting, auditing, taxation, and managerial accounting. If the accounting hours are a mixture of graduate and undergraduate hours, the higher number of required hours applies. An equivalent combination of undergraduate and graduate semester hours under clause (A) would be a total of twenty-four (24) semester hours calculated at the rate of one and six-tenths (1.6) semester hours for each actual one (1) semester hour in accounting at the graduate level and one (1) semester hour for each actual one (1) semester hour in accounting at the undergraduate level.

(2) Earned a baccalaureate degree from a college or university that is accredited by an accrediting

organization as included in section 6.3 of this rule and completed:

- (A) at least twenty-four (24) semester hours in accounting at the undergraduate or graduate level, including courses covering the subjects of financial accounting, auditing, taxation, and managerial accounting; and
- (B) at least twenty-four (24) semester hours in business administration and economics courses other than accounting courses.

The business administration courses may include up to six (6) hours of business and tax law courses and up to six (6) hours of computer science courses.

(b) College courses with substantial duplication of content may be counted only one (1) time toward the requirements in IC 25-2.1-3-2 and this section. This subsection shall not apply to internships. (*Indiana Board of Accountancy*; 872 IAC 1-1-6.1; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3933; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Aug 3, 2001, 4:34 p.m.: 24 IR 3989; filed Jul 30, 2003, 5:15 p.m.: 26 IR 3881; filed Sep 8, 2004, 2:45 p.m.: 28 IR 212; filed Nov 29, 2004.

#### **872 IAC 1-1-6.2 Graduation; accreditation**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.2. A candidate is considered as graduating from an accredited educational institution if, at the time the educational institution grants the candidate's degree, it is accredited as outlined in sections 6.1 and 6.3 of this rule. (*Indiana Board of Accountancy*; 872 IAC 1-1-6.2; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3934; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2733)

#### **872 IAC 1-1-6.3 Accepted colleges, universities, and degrees**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.3. (a) A college or university is recognized by the board if it is accredited by one (1) of the following regional accrediting associations:

- (1) Middle States Association of Colleges and Schools/Commission on Higher Education.
- (2) New England Association of Schools and Colleges.
- (3) North Central Association of Schools and Colleges.
- (4) Northwest Association of Schools and Colleges.

(5) Southern Association of Colleges and Schools/Commission on Colleges.

(6) Western Association of Schools and Colleges/Accrediting Commission for Senior Colleges.

(b) The colleges and universities recognized by the board under subsection (a), which do not include candidates for accreditation, are listed in the following documents, which are incorporated by reference as if fully set out in this rule:

(1) Directory Accredited Membership and Candidates for Accreditation 1997-98, published by the Commission on Higher Education Middle States Association of Colleges and Schools, 3624 Market Street, 2nd Floor Annex, Philadelphia, Pennsylvania 19104, copyright 1997.

(2) New England Association of Schools and Colleges Membership Roster 1997, published by the New England Association of Schools and Colleges, Inc., 209 Burlington Road, Bedford, Massachusetts 01730-1433.

(3) 1997 Directory of CIHE Affiliated Institutions, NCA Quarterly, Volume 72, Number 2, Fall 1997, published by the North Central Association of Colleges and Schools, 30 North LaSalle, Suite 2400, Chicago, Illinois 60602.

(4) Directory of Accredited Postsecondary Institutions, July 1997, published by Commission on Colleges Northwest Association of Schools and Colleges, 11130 NE 33rd Place, Suite 120, Bellevue, Washington 98004.

(5) Commission on Colleges July 1997 Member List, published by Southern Association of Colleges and Schools/Commission on Colleges, 1866 Southern Lane, Decatur, Georgia 30033-4500.

(6) Directory of Accredited Institutions Candidates for Accreditation, 1997-1998, published by Western Association of Schools and Colleges, Inc., 533 Airport Boulevard, Suite 200, Burlingame, California 94010.

(c) Degrees from foreign universities, if they substantially comply with the requirements of section 6 or 6.1 of this rule and IC 25-2.1-3-2, will be deemed to meet the requirements established by IC 25-2.1-3-2.

(d) The applicant's claim to college or university credits must be confirmed by an official transcript of credit issued by the institution. The transcript must show that the degree has been conferred and must bear the official seal of the college or university, as well as the official signature of the registrar.

(e) The applicant is responsible for all such material being in possession of the board or the board's designee by the deadline for filing applications. Incomplete or late applications will be disapproved by the board. (*Indiana Board*



*of Accountancy; 872 IAC 1-1-6.3; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3934; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

**872 IAC 1-1-6.4 Accredited degree equivalency requirements**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.4. A graduate of a four (4) year degree granting college or university not accredited at the time the candidate's degree was received or at the time the application was filed will be deemed to be a graduate of an accredited educational institution if:

- (1) the candidate's degree is equivalent to a degree from an accredited educational institution, as defined in section 6.3 of this rule, and that fact is certified by a credentials certification service;
- (2) an accredited institution defined in section 6.3 of this rule accepts the candidate's nonaccredited baccalaureate degree for admission to a graduate business degree program; or
- (3) the:

- (A) candidate satisfactorily completes at least fifteen (15) semester hours, or the equivalent, in postbaccalaureate education at the accredited educational institution, of which at least nine (9) semester hours, or the equivalent, shall be in accounting; and
- (B) accredited educational institution certifies that the candidate is in good standing for the continuation in the graduate program or has maintained a grade point average in these courses that is necessary for graduation.

*(Indiana Board of Accountancy; 872 IAC 1-1-6.4; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3935; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2734)*

**872 IAC 1-1-6.5 Acceptance of degrees; previously not accredited**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.5. If an educational institution was not accredited at the time a candidate's degree was received, but is so accredited at the time the application is filed with the board, the institution will be deemed to be accredited for the purpose of section 6.2 of this rule provided that it certifies that the candidate's total educational program would qualify the candidate for graduation with a baccalaureate degree during the time the institution has been accredited.

*(Indiana Board of Accountancy; 872 IAC 1-1-6.5; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3935; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2734)*

**872 IAC 1-1-6.6 Courses taken at nonaccredited institutions**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-2; IC 25-2.1-6

Sec. 6.6 If a candidate's degree was received at an accredited educational institution under section 6.3 or 6.4 of this rule, but the educational program that was used to qualify the candidate's major included courses taken at nonaccredited institutions, either before or after graduation, such courses will be deemed to have been taken at the accredited institution from which the candidate's degree was received provided the accredited institution has either:

- (1) accepted such courses by including them in its official transcript; or
- (2) certified to the board that it will accept such courses for credit toward graduation.

*(Indiana Board of Accountancy; 872 IAC 1-1-6.6; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3935; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2734)*

**872 IAC 1-1-7 Special written examination for waiver of educational requirement (*Repealed*)**

*Sec. 7. (*Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352*)*

**872 IAC 1-1-8 Experience requirements; credit for types of experience**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 20-12-61; IC 20-12-62; IC 25-2.1-3-10

Sec. 8. (a) This section and sections 8.2 through 8.5 of this rule implement the requirements in IC 25-2.1-3-10 for experience to be obtained by applicants for certified public accountant certificates before the certificate or license may be issued by the board. The experience requirements are twenty-four (24) months of full-time employment in the following positions:

- (1) As an employee or an accounting intern engaged in an accounting position in a firm (as that term is defined in 872 IAC 1-0.5-1(11)).
- (2) As an employee in a financial or accounting position in industry, government, or a nonprofit organization.

(3) As an employee in an advisory and/or consulting services position related to one (1) or more of the following activities:

- (A) Financial.
- (B) Accounting.
- (C) Operational.

(4) As an instructor teaching accounting in a college or university (four (4) year institutions or junior colleges).

(5) As an instructor teaching accounting in an institution created under IC 20-12-61 or private school registered under IC 20-12-62.

(b) Clerical functions shall not count under this section toward meeting the experience requirements. Clerical functions are positions that do not have accounting significance, including doing merely mathematical calculations, account analysis (looking into accounting books for specific information already recorded), and merely recording information in the general ledger (as opposed to compiling the information). Positions that partly qualify under this section and partly do not qualify shall be treated under this method provided for in section 8.2 of this rule with the part of the position that does not qualify under this section being treated as if it were part-time employment.

(c) Experience in fractions of months will be counted.

(d) An applicant may combine the types of experience described in subsection (a). To do so, the applicant must obtain a total of twenty-four (24) months of experience. (*Indiana Board of Accountancy; Rule 69-1.8; filed Jun 30, 1978, 9:54 a.m.: 1 IR 396; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1928; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1033; filed Aug 28, 1986, 3:20 p.m.: 10 IR 65; filed Nov 28, 1988, 5:32 p.m.: 12 IR 922; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2343; errata filed Sep 14, 1994, 2:50 p.m.: 18 IR 269; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1651; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2518; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2734*)

#### **872 IAC 1-1-8.1 Combining types of experience – (Repealed)**

Sec. 8.1. (*Repealed by Indiana Board of Accountancy; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2520*)

#### **872 IAC 1-1-8.2 Part-time work as experience**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 20-12-61; IC 20-12-62; IC 25-2.1-3-10

Sec. 8.2. Part-time employment that qualifies for experience credit will be converted to the full-time equivalent,

for example, working half time for eight (8) months will count as four (4) months of experience and teaching six (6) semester hours will count as one (1) quarter year of experience. (*Indiana Board of Accountancy; 872 IAC 1-1-8.2; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1653; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-1-8.3 Experience verification**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 20-12-61; IC 20-12-62; IC 25-2.1-3-10

Sec. 8.3. (a) An applicant's experience in a particular position meets the requirements in IC 25-2.1-3-10 if the work is verified by the holder of an active certificate issued by the board or issued by another state so long as the certificate allows the holder to perform similar acts to those allowed to be performed by certificate holders in Indiana who:

- (1) employed the applicant or a legal entity controlled by that individual employed the applicant;
- (2) worked for the same employer as the applicant;
- (3) reviewed the accounting work of the applicant on a periodic basis in the capacity of an outside accounting firm, a government agency, or some similar capacity; or
- (4) otherwise has direct knowledge of the work performed by the applicant.

(b) Any certificate holder who has been requested by an applicant to submit to the board verification of the applicant's experience and has refused to do so shall, upon request by the board, explain in writing or in person the basis for such refusal. (*Indiana Board of Accountancy; 872 IAC 1-1-8.3; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1653; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2519; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2735*)

#### **872 IAC 1-1-8.4 Advanced degree as experience**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 20-12-61; IC 20-12-62; IC 25-2.1-3-10

Sec. 8.4. (a) A master's degree in accounting or business administration from a college or university recognized by the board may be substituted for twelve (12) months of accounting experience for any person who was a first time examination candidate prior to January 1, 2000.

(b) A doctorate degree in accounting or business administration from a college or university recognized by the board may be substituted for twelve (12) months of accounting experience.

(c) For purposes of this section, an advanced degree shall be calculated as twelve (12) months of experience under section 8 of this rule.

(d) An applicant may not receive experience credit

from more than one (1) advanced degree. (*Indiana Board of Accountancy; 872 IAC 1-1-8.4; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1653; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2519*)

#### **872 IAC 1-1-8.5 Experience required on application and board verification**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 20-12-61; IC 20-12-62; IC 25-2.1-3-10

Sec. 8.5. (a) To apply for a certified public accountant certificate, an applicant, who has previously met the applicable education and examination requirements, shall file an application on a form provided by the board, including the employer's name and address, contact person, and a job description for all employment for which experience credit under this section is claimed. If experience credit is claimed for an advanced degree under section 8.4 of this rule, the applicant shall also identify the institution from which the degree was conferred and the date it was conferred and shall include an official transcript from the college or university that conferred the degree.

(b) Subsequent to the receipt of an application under subsection (a), the board will seek verification of employment from all employers and may seek such additional information from the applicant and employer or third parties as is necessary to determine whether the applicant meets the experience requirements established in this section. (*Indiana Board of Accountancy; 872 IAC 1-1-8.5; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1654; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-1-9 Requirements for examination**

**Authority:** IC 25-2.1-3

**Affected:** IC 25-2.1-4

Sec. 9. A candidate wishing to take the examination must:

(1) complete the application provided for in section 2 of this rule; and

(2) pay the candidate's cost of purchasing the examination, payable to the examination service.

(*Indiana Board of Accountancy; Rule 69-1.9; filed Jun 30, 1978, 9:54 a.m.: 1 IR 396; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1928; filed May 1, 1984, 12:50 p.m.: 7 IR 1539; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1033; filed Jul 6, 1995, 12:00 p.m.: 18 IR 2784; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2735*)

#### **872 IAC 1-1-9.5 Degree required**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1

Sec. 9.5. Notwithstanding sections 2 and 6 of this rule and any other provisions of this title that may be to the contrary, candidates may not take the certified public accountant examination prior to meeting the education requirements. (*Indiana Board of Accountancy; 872 IAC 1-1-9.5; filed Feb 24, 1997, 4:00 p.m.: 20 IR 1736; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2735*)

#### **872 IAC 1-1-10 Application; fees**

**Authority:** IC 25-2.1-2-15; IC 25-1-8-2

**Affected:** IC 4-21.5-3-1; IC 25-2.1

Sec. 10. (a) Applications to take the certified public accountant examination must be made on a form provided by the board. Candidates will be notified of their eligibility to sit for the exam.

(b) All fees are nonrefundable and nontransferable. The following is a schedule of fees adopted by the board:

(1) The fee for the examination for CPA and AP licensure is the payment of the candidate's cost of purchasing the examination, payable to the examination service.

(2) Transfer of grades, seventy-five dollars (\$75).

(3) CPA certificate by reciprocity, seventy-five dollars (\$75).

(4) Triennial certificate of registration for CPAs, PAs, and APs, seventy-five dollars (\$75).

(5) For restoration of an expired triennial certificate of registration for CPAs, PAs, and APs, fifty dollars (\$50), plus all unpaid renewal fees.

(6) Triennial permit to practice for firms, thirty dollars (\$30).

(7) For restoration of an expired triennial permit to practice for firms, fifty dollars (\$50), plus all unpaid renewal fees.

(8) Verification of certificate of registration for CPA, PA, or AP to another state, twenty-five dollars (\$25).

(c) Notwithstanding subsection (b)(4), a fee for an individual initially registered in the:

(1) second year of a triennial registration period shall be fifty dollars (\$50); and

(2) third year of the triennial registration period shall be twenty-five dollars (\$25).

(d) Failure of an applicant to pay the initial registration fee will cause the application to be terminated one (1) year after the board's action granting registration.

(e) Should an applicant pay the initial registration fee after the first renewal deadline for all licensees following the applicant's approval for licensure, the applicant must pay the renewal fee in addition to the initial registration fee in order to become licensed. (*Indiana Board of Accountancy; Rule 69-1,*

10; filed Jun 30, 1978, 9:54 a.m.: 1 IR 396; filed Feb 15, 1980, 3:05 p.m.: 3 IR 639; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1928; filed May 1, 1984, 12:50 p.m.: 7 IR 1540; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1033; filed Aug 28, 1986, 3:20 p.m.: 10 IR 65; filed Aug 6, 1990, 4:30 p.m.: 13 IR 2135; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2345; errata filed Jul 28, 1994, 4:00 p.m.: 17 IR 2891; filed Jul 6, 1995, 12:00 p.m.: 18 IR 2784; filed Jun 14, 1996, 3:00 p.m.: 19 IR 3110; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1654; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 4, 2002, 9:28 a.m.: 25 IR 2520; filed Jul 7, 2003, 3:45 p.m.: 26 IR 3654; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2735)

## **872 IAC 1-1-11 Notice by mail**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1

Sec. 11. It is the policy of the Board or the Board's designee to mail all correspondence and notices to candidates and registrants at their last known address of record on file with the Board or the Board's designee. Failure to receive such correspondence or notices does not relieve the candidate or registrant of the obligation to pay application or renewal fees. (*Indiana Board of Accountancy; Rule 69-1, 11; filed Jun 30, 1978, 9:54 am: 1 IR 397; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1929; filed May 1, 1984, 12:50 p.m.: 7 IR 1540; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1034; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

## **872 IAC 1-1-12 Contents of examinations; grading**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3; IC 25-2.1-6

Sec. 12. (a) Effective April 2004, as the examination for certified public accountant candidates, the board or the board's designee shall use the computer-based Uniform CPA examination that is available to be taken in four (4) testing windows as provided in section 14 of this rule and prepared by the AICPA under a plan of cooperation with the boards of all states and territories of the United States. The examination consists of the following sections:

- (1) Auditing and attestation.
- (2) Business environment and concepts.
- (3) Financial accounting and reporting.
- (4) Regulations.

(b) The board or the board's designee shall use the Advisory Grading Service provided by the AICPA under a plan of cooperation with the boards of all states and territories of the United States to assist it in performing its duties under IC 25-2.1.

(c) For purposes of section 19 of this rule, for conditioned candidates reexamination requirements, those candidates who prior to April 2004 had credit for passing:

- (1) auditing shall have credit for auditing and attestation;
- (2) business law and professional responsibilities shall have credit for business environment and concepts;
- (3) financial accounting and reporting shall have credit for financial accounting and reporting; and
- (4) accounting and reporting shall have credit for regulations.

(d) As the examination for accounting practitioners, the board or the board's designee shall use sections of the computer-based Uniform CPA examination as provided for in this subsection. An individual with a two (2) year associate degree under IC 25-2.1-6-1(a)(3)(A) shall take the financial accounting and reporting and the regulations sections of the Uniform CPA examination. An individual with a baccalaureate degree under IC 25-2.1-6-1(a)(3)(B) shall take only the financial accounting and reporting section of the Uniform CPA examination.

(e) The board or the board's designee may also make use of the Advisory Grading Service provided by the AICPA to assist in performing its duties under IC 25-2.1. (*Indiana Board of Accountancy; Rule 69-1, 12; filed Jun 30, 1978, 9:54 a.m.: 1 IR 397; filed May 1, 1984, 12:50 p.m.: 7 IR 1540; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1034; filed Aug 28, 1986, 3:20 p.m.: 10 IR 66; filed Apr 5, 1994, 3:30 p.m.: 17 IR 1888; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Jul 30, 2003, 5:15 p.m.: 26 IR 3882; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2736*)

## **872 IAC 1-1-13 Issuance of C.P.A. certificate or A.P. license (Repealed)**

Sec. 13. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1044; errata, 8 IR 1046*)

## **872 IAC 1-1-14 Time of holding examinations; notice**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1

Sec. 14 (a) Beginning April 2004, candidates will be allowed to take the examination during the following four (4) testing windows in a calendar year:

- (1) January 2 through February 29.
- (2) April 1 through May 31.
- (3) July 1 through August 31.
- (4) October 1 through November 30.

(b) Eligible candidates shall be notified of the time, place, and procedures of the examination or shall independently contact the board or a test center operator identified by the board to obtain the time, place, and

procedures for the examination at an approved test site. (*Indiana Board of Accountancy; Rule 69-1,14; filed Jun 30, 1978, 9:54 a.m.: 1 IR 398; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2737*)

#### **872 IAC 1-1-15 Examination hours (*Repealed*)**

Sec. 15. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1044; errata, 8 IR 1046*)

#### **872 IAC 1-1-16 Location of examinations (*Repealed*)**

Sec. 16. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1044; errata, 8 IR 1046*)

#### **872 IAC 1-1-17 Examination procedures (*Repealed*)**

Sec. 17. (*Repealed by Indiana Board of Accountancy; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2738*)

#### **872 IAC 1-1-18 Refunding of examination and proctoring fees (*Repealed*)**

Sec. 18. (*Repealed by Indiana Board of Accountancy; filed Aug 28, 1986, 3:20 p.m.: 10 IR 72*)

#### **872 IAC 1-1-19 Certified public accountants; passing grades; conditioned candidates; reexaminations**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-3-6

Sec. 19. (a) The candidate must attain the uniform passing grade of seventy-five (75), scaled through a psychometrically acceptable standard setting procedure and approved by the board.

(b) A candidate may take the required test sections individually and in any order. Credit for any test section passed shall be valid for eighteen (18) months from the actual date the candidate took that test section provided the following:

- (1) Candidates must pass all four (4) test sections of the Uniform CPA examination within a rolling eighteen (18) month period, which begins on the date that the first test section passed is taken.
- (2) Candidates cannot retake a failed test section in the same testing window.
- (3) In the event all four (4) test sections of the Uniform CPA examination are not passed within the rolling eighteen (18) month period, credit for any test section passed more than eighteen (18) months

previously will expire and that test section must be retaken.

(c) Candidates having earned conditional credits on the paper and pencil examination, prior to April 2004, will retain conditional credits for the corresponding test sections of the computer-based CPA examination as follows:

<u>Paper and Pencil Examination</u>	<u>Computer Based Examination</u>
Auditing	Auditing and attestation
Financial accounting and Reporting (FARE)	Financial accounting and reporting
Accounting and reporting (ARE)	Regulation
Business law and professional Responsibilities (LPR)	Business environment and concepts

(d) Additional requirements for the transitional conditional status are as follows:

(1) Candidates who have attained conditional status prior to April 2004 will be allowed a transition period to complete any remaining test sections of the CPA examination. The transition is the maximum number of opportunities that candidates who have conditioned under the paper and pencil examination have remaining, prior to April 2004, to complete all remaining test sections, or the number of remaining opportunities under the paper and pencil examination, multiplied by six (6) months, whichever is first exhausted.

(2) If a previously conditioned candidate does not pass all remaining test sections during the transition period, conditional credits earned under the paper and pencil examination will expire and the candidate will lose credit for the test sections earned under the paper and pencil examination. However, any test section passed during the transition period is subject to the conditioning provisions of the computer-based examination as provided for in subsection (c), except that a previously conditioned candidate will not lose conditional credit for a test section of the computer-based examination that is passed during the transition period, even though more than eighteen (18) months may have elapsed from the date the test section is passed, until the end of the transition period.

(e) Under IC 25-2.1-3-8, the board may extend the term of conditional credit validity if the candidate can show

that the credit was lost by reason of circumstances beyond the candidate's control.

(f) A candidate shall be deemed to have passed the Uniform CPA examination once the candidate holds at the same time valid credit for passing each of the four (4) test sections of the examination. For purposes of this section, credit for passing a test section of the computer-based examination is valid from the actual date of the testing event for that testing section, regardless of the date the candidate actually receives notice of the passing grade. (*Indiana Board of Accountancy; Rule 69-1, 19; filed Jun 30, 1978, 9:54 a.m.: 1 IR 398; filed Feb 15, 1980, 3:05 p.m.: 3 IR 640; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1929; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1036; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2346; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2737*)

#### **872 IAC 1-1-20 Accounting practitioners; passing grades; conditioned candidates; reexaminations (Repealed)**

Sec. 20. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046*)

#### **872 IAC 1-1-21 Disclosure of grades (Repealed)**

Sec. 21. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046*)

#### **872 IAC 1-1-22 Reexamination (Repealed)**

Sec. 22. (*Repealed by Indiana Board of Accountancy; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2738*)

#### **872 IAC 1-1-23 Disposition of examination manuscripts (Repealed)**

Sec. 23. (*Repealed by Indiana Board of Accountancy; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2738*)

#### **872 IAC 1-1-24 Previous examination questions (Repealed)**

Sec. 24. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046*)

#### **872 IAC 1-1-25 Transfer of credits**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 25-2.1-3-7

Sec. 25. An applicant for a CPA certificate who has taken the Uniform CPA examination under the jurisdiction of

another state may be given credit for subjects passed as provided for by IC 25-2.1-3-7. (*Indiana Board of Accountancy; Rule 69-1, 25; filed Jun 30, 1978, 9:54 a.m.: 1 IR 400; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1930; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1037; filed Aug 28, 1986, 3:20 p.m.: 10 IR 66; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2347; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Apr 16, 2004, 10:04 a.m.: 27 IR 2738*)

#### **872 IAC 1-1-26 Critique program (Repealed)**

Sec. 26. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046*)

#### **872 IAC 1-1-27 Biennial registration; fees; notice of change in registered partnership or corporation (Repealed)**

Sec. 27. (*Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046*)

#### **872 IAC 1-1-28 Certificate, etc., property of board; return upon revocation or suspension (Repealed)**

Sec. 28. (*Repealed by Indiana Board of Accountancy; filed Feb 25, 1997, 12:30 p.m.: 20 IR 1737*)

#### **872 IAC 1-1-29 Duplicate certificate or license; fee**

**Authority:** IC 23-1.5-2-9; IC 25-2.1-2-15  
**Affected:** IC 25-2.1

Sec. 29. Any licensee whose certificate or license has been inadvertently destroyed may receive another certificate or license from this board upon submission of a written request in affidavit form, certifying that the original has been lost, stolen, or destroyed together with payment of the applicable fee. If an original certificate or license has been damaged it may be replaced upon payment of the same fee provided the damaged certificate or license is returned to the board. (*Indiana Board of Accountancy; Rule 69-1, 29; filed Jun 30, 1978, 9:54 am: 1 IR 401; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1037; filed Aug 28, 1986, 3:20 p.m.: 10 IR 67; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-1-30 Disciplinary action against APs; preparing or rendering opinions**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 23-1.5; IC 25-2.1

Sec. 30. Any certificate, license, or permit to practice issued by the board to an AP may be subject to disciplinary action for preparing or rendering the following:

- (1) Opinions on financial statements.
- (2) Schedules.
- (3) Reports.
- (4) Exhibits for:
  - (A) publication;
  - (B) credit purposes;
  - (C) use in court of law or equity; or
  - (D) other purposes.

*(Indiana Board of Accountancy; Rule 69-1, 30; filed Jun 30, 1978, 9:54 a.m.: 1 IR 401; filed Feb 15, 1980, 3:05 p.m.: 3 IR 640; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1931; filed May 1, 1984, 12:50 p.m.: 7 IR 1543; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1037; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2347; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

#### **872 IAC 1-1-31 Reciprocity requirements (Repealed)**

*Sec. 31. (Repealed by Indiana Board of Accountancy; filed Dec 4, 1989, 4:40 p.m.: 13 IR 635)*

#### **872 IAC 1-1-32 Reciprocity application (Repealed)**

*Sec. 32. (Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046)*

#### **872 IAC 1-1-33 Reciprocity fees (Repealed)**

*Sec. 33. (Repealed by Indiana Board of Accountancy; filed Aug 28, 1986, 3:20 p.m.: 10 IR 72)*

#### **872 IAC 1-1-34 Qualifications for certificate by reciprocity (Repealed)**

*Sec. 34. (Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352)*

#### **872 IAC 1-1-35 Accountancy corporation subject to law and regulations (Repealed)**

*Sec. 35. (Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352)*

#### **872 IAC 1-1-36 Name of accountancy corporation; prohibitions (Repealed)**

*Sec. 36. (Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352)*

#### **872 IAC 1-1-37 Security for claims against corporation (Repealed)**

*Sec. 37. (Repealed by Indiana Board of Accountancy; filed Nov 28, 1988, 5:32 p.m.: 12 IR 924)*

#### **872 IAC 1-1-38 Reports by accountancy corporations (Repealed)**

*Sec. 38. (Repealed by Indiana Board of Accountancy; filed Nov 28, 1988, 5:32 p.m.: 12 IR 924)*

### **Rule 2. Code of Professional Conduct**

#### **872 IAC 1-2-1 Rules of professional conduct; applicability**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 4-22-2; IC 23-1.5; IC 25-1-11-12;  
IC 25-2.1

Sec. 1. (a) In the interpretation and enforcement of this rule, the board will give consideration, but not necessarily dispositive weight, to relevant interpretations, rulings, and opinions issued by the following:

- (1) Boards of other jurisdictions.
- (2) Appropriately authorized committees on ethics of professional organizations.

(b) No licensee of the board shall violate the following standards for the competent practice of accounting appropriate to establish and maintain a high standard of integrity and dignity in the profession of public accountancy, which are incorporated by reference as if fully set out in this rule:

- (1) The following pronouncements on professional standards set forth in the AICPA Professional Standards, Volumes 1 and 2 (June 1, 2004), subject to the exceptions listed in subsection (c) (applicable to certified public accountants only):

(A) U.S. Auditing - AICPA, including the following:

- (i) Statement on Auditing Standards - Introduction.
- (ii) The General Standards.
- (iii) The Standards of Field Work.
- (iv) The First, Second, and Third Standards of Reporting.
- (v) The Fourth Standard of Reporting.
- (vi) Other Types of Reports.
- (vii) Special Topics.
- (viii) Compliance Auditing.
- (ix) Special Reports of the Committee on Auditing Procedure.
- (B) Statements on Standards for Attestation Engagements.
- (C) Statements on Standards for Accounting and Review Services.
- (D) Code of Professional Conduct.

(E) Statement on Standards for Consulting Services.

(F) Tax Services.

(G) Personal Financial Planning.

(2) Professional corporation act at IC 23-1.5.

(3) National Society of Accountants (NSA) Rules of Professional Conduct and Official Interpretations, May 2003, excluding the interpretations and Rule 9 (professional referrals) (applicable to accounting practitioners and public accountants only).

(c) As incorporated by reference in subsection (b)(1), the AICPA professional standards are amended to read as follows:

(1) ET 50 (Principles of Professional Conduct – Sections 51 through 57) is deleted.

(2) The third paragraph of Rule 505 (Form of Organization and Name) is deleted.

(3) The phrase "standards promulgated by bodies designated by Council", or any similar reference, shall mean the standards incorporated by reference in subsection (b)(1).

(d) Notwithstanding the use of the word "should" in the AICPA pronouncements incorporated by reference in subsection (b)(1)(A) through (b)(1)(G), a certified public accountant must:

(1) comply with the pronouncements; or

(2) justify any departures there from.

(e) It shall be deemed incompetent practice contrary to high standards of integrity and dignity in the profession of certified public accountancy for a licensee of the board to be found by a court of competent jurisdiction to have engaged in accounting practices falling below professional standards in Indiana.

(f) As used in this rule, "member", as used in the:

(1) AICPA Professional Standards; and

(2) NSA Rules of Professional Conduct and Official Interpretations; means licensee.

(g) Where matters incorporated by reference in this section conflict with express provisions of:

(1) IC 25-2.1 (accountancy act);

(2) IC 23-1.5 (professional corporation act); or

(3) rules adopted by the board; the express provisions control.

(h) No subsequent editions, amendments, supplements, or releases of the:

(1) AICPA Professional Standards;

(2) NSA Rules of Professional Standards; or

(3) NSA Rules of Professional Conduct; will be in effect in Indiana or adopted by the board, except by following the rulemaking provisions of IC 4-22-2.

(i) The standards incorporated by reference in subsection (b) apply to conduct that occurs after December 31, 2005. This subsection shall not be construed to extinguish the board's authority to impose any sanction under IC 25-1-11-12 for conduct that occurred before January 1, 2006, in violation of a previous version of this section.

(j) A copy of the AICPA Professional Standards and the NSA Rules of Professional Conduct are available for public inspection at the offices of the Indiana Professional Licensing Agency, 402 West Washington Street, Room W072, Indianapolis, Indiana 46204. Copies of the AICPA Professional Standards are available from the entity originally issuing the document, the American Institute of Certified Public Accountants, 1211 Avenue of the Americas, New York, New York 10036-8775. Copies of the NSA Rules of Professional Conduct are also available from the entity originally issuing the document, the National Society of Accountants, 1010 North Fairfax Street, Alexandria, Virginia 22314. (*Indiana Board of Accountancy; Rule 69-1, 39; filed Jun 30, 1978, 9:54 a.m.: IIR 402; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1932; filed May 1, 1984, 12:50 p.m.: 7 IR 1544; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1040; filed Aug 28, 1986, 3:20 p.m.: 10 IR 68; filed Dec 11, 1992, 5:00 p.m.: 16 IR 1399; filed Feb 24, 1997, 4:00 p.m.: 20 IR 1736; filed Dec 18, 2000, 9:27 a.m.: 24 IR 1353, eff Feb 1, 2001; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Nov 18, 2005, 9:40 a.m.: 29 IR 1214, eff Jan 1, 2006*)

## **872 IAC 1-2-2 Definitions (Repealed)**

Sec. 2. (*Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934*)

### **872 IAC 1-2-2.1 Records furnished to clients**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1

Sec. 2.1. A licensee shall furnish to his client or former client, upon request made within a reasonable time:

(1) any accounting or other records belonging to, or obtained from or on behalf of, the client which the licensee removed from the client's premises or received for the client's account, but the licensee may make and retain copies of such documents when they form the basis for work done by him; and  
(2) a copy of the licensee's working papers, to the extent that such working papers include records which would ordinarily constitute part of the client's books and records are not otherwise available to the client.

(*Indiana Board of Accountancy; 872 IAC 1-2-2.1; filed May 1, 1984, 12:50 p.m.: 7 IR 1545; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1041; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)



### **872 IAC 1-2-3 Independence (Repealed)**

Sec. 3. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-4 Integrity and objectivity (Repealed)**

Sec. 4. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-5 Commissions (Repealed)**

Sec. 5. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-6 Contingent fees (Repealed)**

Sec. 6. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-7 Incompatible occupations (Repealed)**

Sec. 7. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-8 Competence (Repealed)**

Sec. 8. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-9 Auditing standards (Repealed)**

Sec. 9. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-10 Accounting principles (Repealed)**

Sec. 10. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-11 Forecasts (Repealed)**

Sec. 11. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-12 Confidential client information (Repealed)**

Sec. 12. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-13 Records furnished to client (Repealed)**

Sec. 13. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-14 Discreditable acts (Repealed)**

Sec. 14. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-15 Acting through others (Repealed)**

Sec. 15. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-16 Advertising (Repealed)**

Sec. 16. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-17 Solicitation (Repealed)**

Sec. 17. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-18 Communications with board (Repealed)**

Sec. 18. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-19 Violation of acts or rules and regulations (Repealed)**

Sec. 19. (Repealed by Indiana Board of Accountancy; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1934)

### **872 IAC 1-2-20 Contingent fees (Repealed)**

Sec. 20. (Repealed by Indiana Board of Accountancy; filed Dec 18, 2000, 9:27 a.m.: 24 IR 1354, eff Feb 1, 2001)

### **872 IAC 1-2-21 Interpretation of contingent fees in tax matters (Repealed)**

Sec. 21. (Repealed by Indiana Board of Accountancy; filed Dec 18, 2000, 9:27 a.m.: 24 IR 1354, eff Feb 1, 2001)

### **872 IAC 1-2-22 Commissions and referral fees (Repealed)**

Sec. 22. (Repealed by Indiana Board of Accountancy; filed Dec 18, 2000, 9:27 a.m.: 24 IR 1354, eff Feb 1, 2001)

## **Rule 3. Permits to Practice; Continuing Education**

### **872 IAC 1-3-1 Definitions (Repealed)**

Sec. 1. *(Repealed by Indiana Board of Accountancy; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1045; errata, 8 IR 1046)*

**872 IAC 1-3-2 Permit to practice required; practice without permit, sanctions; issuance biennially; application; expiration *(Repealed)***

Sec. 2. *(Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352)*

**872 IAC 1-3-3 Continuing professional education**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 3. (a) Applicants for renewal of a certificate as a CPA, PA, or AP must complete a minimum of one hundred twenty (120) hours of instruction in subjects acceptable under section 4 of this rule. Subsection [*sic.*, *Subsections*] (c) and (d) and sections 3.1 through 3.4 of this rule will apply to determine the number of hours.

(b) Measurements and reporting shall be in full hours with a fifty (50) minute instruction period equaling one (1) hour.

(c) A minimum of ten percent (10%) of the hours in the reporting period shall be in accounting or auditing, or both.

(d) A minimum of two (2) hours in the reporting period shall be in ethics for accountants.

(e) The time reporting period in which the applicant must have a minimum of one hundred twenty (120) hours is the three (3) years ending on December 31 prior to the expiration of certificates with a minimum of twenty (20) hours per year. *(Indiana Board of Accountancy; Rule 69-1, 40,3; filed Feb 15, 1980, 3:05 p.m.: 3 IR 642; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1041; filed Aug 28, 1986, 3:20 p.m.: 10 IR 68; filed May 17, 1988, 3:15 p.m.: 11 IR 3567, eff Jul 1, 1988; filed Dec 4, 1989, 4:40 p.m.: 13 IR 632; filed Nov 20, 1990, 9:33 a.m.: 14 IR 758, eff Jan 1, 1991; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2348; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3935; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1654; filed Nov 20, 2000, 3:04 p.m.: 24 IR 1031; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

**872 IAC 1-3-3.1 CPE credit for instruction**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 3.1. (a) Preparation time for the participant does not qualify for CPE credit.

(b) Actual time as lecturer, instructor, or discussion leader may be included. Two (2) hours of preparation time shall be granted to each instructor per one (1) hour of CPE allowed time for the course, provided that this credit is

claimed once on the first time that the instructor conducts the course. Total time under this subsection shall be limited to fifty percent (50%) of the total minimum required for the reporting period. There will be no preparation time or actual time as a lecturer, instructor, or discussion leader granted for lecturers, instructors, or discussion leaders of a repeated course.

(c) College instructors teaching courses on a day-to-day basis will not receive any CPE credit as an instructor. *(Indiana Board of Accountancy; 872 IAC 1-3-3.1; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3936; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

**872 IAC 1-3-3.2 CPE self-study**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 3.2. Self-study courses are acceptable, provided the following:

(1) The subject matter is acceptable under section 4 of this rule.

(2) A certificate of satisfactory completion is awarded as of the end of the reporting period. The time to be included is the CPE course rating. Total time under this section is limited to fifty percent (50%) of the total minimum requirement for the reporting period.

*(Indiana Board of Accountancy; 872 IAC 1-3-3.2; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3936; errata filed Jul 28, 1998, 10:59 a.m.: 21 IR 4537; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

**872 IAC 1-3-3.3 College courses as CPE**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 3.3. (a) College courses that meet the requirements of this rule may be counted for CPE credit as permitted by this section.

(b) All licensees will be given CPE credit for graduate level courses.

(c) Public accountants and accounting practitioners who do not hold a bachelor's degree with required hours in accounting, business administration, and economics and who have taken undergraduate courses in an accredited university or college in accounting, business administration, and economics may receive CPE credit.

(d) CPE credit under this section shall be given at the rate of fifteen (15) CPE hours for each semester credit hour. CPE credit granted for these hours will be given only for a grade of C or above. A grade of C- or below is not considered as satisfactory completion of a course by the board. *(Indiana Board of Accountancy; 872 IAC 1-3-3.3;*

*filed Jun 5, 1998, 3:58 p.m.: 21 IR 3936 ;readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Oct 8, 2004, 11:05 a.m.: 28 IR 605)*

**872 IAC 1-3-3.4 Noncredit courses as CPE for public accountants and accounting practitioners**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 3.4. All noncredit courses taken by public accountants and accounting practitioners from noneducational organizations (those not accredited by one (1) of the six (6) regional accrediting associations listed in 872 IAC 1-1-6.3) shall be given credit as follows:

(1) Coaching courses taken for the purpose of passing the CPA examination, ten (10) hours.

(2) Coaching courses taken for the purpose of passing the enrolled agent's examination, ten (10) hours.

This section applies only to public accountants and accounting practitioners. (*Indiana Board of Accountancy; 872 IAC 1-3-3.4; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3937; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

**872 IAC 1-3-4 Course requirements**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 4. (a) For a course to qualify and be included in the CPE minimum hour requirement, it must be formally organized, primarily instructional, and contribute directly to professional competence in the practice of public accountancy. The requirements of subsection (b) must be met for a course to qualify.

(b) The following do not qualify:

(1) Meetings conducted during eating periods.

(2) Business meetings for the:

(A) election of directors or officers;

(B) treasurers' reports; or

(C) committee reports.

(3) Committee work with local, state, and national professional organizations.

(4) Firm staff meetings which are oriented toward administrative and housekeeping matters.

(c) The board may obtain assistance from state and national accounting organizations relating to interpreting the acceptability and number of CPE hours for an individual sponsor or course. (*Indiana Board of Accountancy; Rule 69-1, 40, 4; filed Feb 15, 1980, 3:05 p.m.: 3 IR 643; filed May 1, 1984, 12:50 p.m.: 7 IR 1546; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1042; filed Aug 28, 1986, 3:20 p.m.: 10 IR 69; filed May 17, 1988, 3:15 p.m.: 11 IR 3568, eff Jul 1, 1988; filed Dec 4, 1989, 4:40 p.m.: 13 IR 633; filed Nov 20, 1990, 9:33 a.m.: 14*

*IR 759, eff Jan 1, 1991; filed Aug 22, 1991, 5:00 p.m.: 15 IR 8; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2349; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

**872 IAC 1-3-5 Sponsor requirements; approval (Repealed)**

Sec. 5. (*Repealed by Indiana Board of Accountancy; filed Feb 21, 2000, 7:06 a.m.: 23 IR 1655*)

**872 IAC 1-3-6 Application for renewal of certificate; fee**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-2; IC 25-2.1-4-5

Sec. 6. (a) Certificate holders must file triennially an application to renew their certificates using the application form provided by the board. Certificates expire on June 30 of every third year, for example, June 30, 1994, and June 30, 1997.

(b) Applicants must sign a statement under penalty of perjury that:

(1) the hours submitted are substantially correct;

(2) they attended and completed courses taken; and

(3) to the best of their knowledge, the courses completed meet the requirements of this rule.

(c) The board may verify any information submitted by the applicant and may request the applicant to submit evidence supporting the course information.

(d) Each application for a permit must be accompanied by a check or money order in the amount specified in 872 IAC 1-1-10.

(e) It is the responsibility of each applicant to retain evidence to support the courses taken for seventy-two (72) months from the date the application is submitted to the board. These records shall include the following:

(1) Course attendance verification by the sponsor.

(2) Certificates of completion for self-study courses.

(3) CPE attendance history by employer or third party.

(4) Other evidence of support and justification.

(f) The board may ask certificate holders to provide information as provided in subsection (e) in order to verify the CPE hours claimed on the application. Failure to do so may lead to suspension or censure of the certificate holder. (*Indiana Board of Accountancy; Rule 69-1, 40, 6; filed Feb 15, 1980, 3:05 p.m.: 3 IR 644; filed Aug 18, 1983, 3:20 p.m.: 6 IR 1933; filed May 1, 1984, 12:50 p.m.: 7 IR 1547; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1043; filed Aug 28, 1986, 3:20 p.m.: 10 IR 70; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2350; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

**872 IAC 1-3-7 Reentry into public practice; application; continuing education requirements (Repealed)**

Sec. 7. *(Repealed by Indiana Board of Accountancy; filed May 17, 1988, 3:15 p.m.: 11 IR 3571, eff Jul 1, 1988)*

**872 IAC 1-3-8 Certificates issued to new licensees; proration of CPE requirement**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 8. (a) When a CPA or an AP certificate is issued to a person not previously licensed by the board, that person shall not be required to have any CPE hours prior to the issuance of the certificate.

(b) The number of CPE hours that a licensee must obtain for the reporting period in progress at the time of the issuance of a new certificate under subsection (a) shall be established by section 16 of this rule.

(c) CPE hours obtained by a licensee prior to the issuance of a new certificate under subsection (a), but during the same reporting period, may be counted toward meeting the requirements established in subsection (b) and section 16 of this rule. *(Indiana Board of Accountancy; Rule 69-1, 40, 8; filed Feb 15, 1980, 3:05 p.m.: 3 IR 644; filed May 1, 1984, 12:50 p.m.: 7 IR 1548; filed Mar 20, 1985, 3:25 p.m.: 8 IR 1044; filed Aug 28, 1986, 3:20 p.m.: 10 IR 71; filed May 17, 1988, 3:15 p.m.: 11 IR 3568, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2350; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824)*

**872 IAC 1-3-9 Exemptions from continuing professional education requirements; applications *(Repealed)***

Sec. 9. *(Repealed by Indiana Board of Accountancy; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352)*

**872 IAC 1-3-10 Failure to meet minimum hour requirement *(Repealed)***

Sec. 10. *(Repealed by Indiana Board of Accountancy; filed May 17, 1988, 3:15 p.m.: 11 IR 3571, eff Jul 1, 1988)*

**872 IAC 1-3-11 Continuing education administrative committee; powers and duties *(Repealed)***

Sec. 11. *(Repealed by Indiana Board of Accountancy; filed May 1, 1984, 12:50 p.m.: 7 IR 1549)*

**872 IAC 1-3-12 Failure to apply for permit *(Repealed)***

Sec. 12. *(Repealed by Indiana Board of Accountancy; filed Aug 28, 1986; 3:20 p.m.: 10 IR 72)*

**872 IAC 1-3-13 Effective dates *(Repealed)***

Sec. 13. *(Repealed by Indiana Board of Accountancy; filed May 1, 1984, 12:50 p.m.: 7 IR 1549)*

**872 IAC 1-3-14 Reactivation of lapsed certificate**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 14. (a) An individual whose certificate has lapsed for more than eighteen (18) months who wishes to reenter the practice of accountancy must file an application to renew the lapsed certificate. An individual whose certificate has lapsed for eighteen (18) months or less is governed by section 17 of this rule.

(b) The application shall be accompanied by the following:

(1) A statement of the licensee's employment activity for the previous twenty-four (24) months.

(2) The payment of the fee for a triennial permit specified in 872 IAC 1-1-10.

(3) Evidence of the completion of the CPE hours required by subsection (c).

(c) In order to reenter the practice of public accountancy and receive a certificate under this section, a licensee shall complete one hundred twenty (120) CPE hours prior to filing the application.

(d) The CPE hours required under subsection (c) must:

(1) have been obtained no earlier than three (3) years prior to the date the application for reentry is filed; and

(2) meet the requirements established in sections 3 through 4 of this rule.

(e) CPE hours obtained by a certificate holder to renew a lapsed certificate under this section cannot be double counted by also using them for credit in the reporting period in progress for renewal of the license at the end of the reporting period. The CPE requirements for the reporting period in progress at the time of reactivation are stated in section 16 of this rule. *(Indiana Board of Accountancy; 872 IAC 1-3-14; filed May 17, 1988, 3:15 p.m.: 11 IR 3569, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2351; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3937; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Jul 30, 2003, 5:15 p.m.: 26 IR 3882)*

**872 IAC 1-3-14.5 Reactivation of inactive license**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 14.5. (a) A licensee who:

(1) is not active because of the selection of inactive

status under IC 25-2.1-4-5(c); and

(2) wishes to reactivate his certificate;  
must file an application for reactivation.

(b) The application shall be accompanied by evidence of completion of the CPE hours required in subsection (c).

(c) In order to activate the certificate, a licensee shall complete one hundred twenty (120) CPE hours prior to filing the application.

(d) The CPE hours required under subsection (c) must:

(1) have been obtained no earlier than three (3) years prior to the date the application for reentry is filed; and

(2) meet the requirements established in sections 3 through 5 of this rule.

For purposes of this section, the reporting period referenced in section 5 of this rule shall be the period described in subdivision (1).

(e) CPE hours obtained by a licensee to reactivate an inactive license cannot be double counted by also using them for credit in the reporting period in progress for renewal of the license at the end of the reporting period. The CPE requirements for the reporting period in progress at the time of reactivation are stated in section 16 of this rule. (*Indiana Board of Accountancy; 872 IAC 1-3-14.5; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3937; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-3-15 Continuing education hours required during current reporting period after reentry**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 15. (a) The number of CPE hours that a certificate holder must obtain for the reporting period in progress at the time of the issuance of a certificate under section 14 of this rule shall be established by section 16 of this rule.

(b) CPE hours obtained by a certificate holder prior to the issuance of a permit under section 14 of this rule, but during the same reporting period, may be counted toward meeting the requirements established in subsection (a) and section 16 of this rule only to the extent they exceed the one hundred twenty (120) hours required under section 14 of this rule. (*Indiana Board of Accountancy; 872 IAC 1-3-15; filed May 17, 1988, 3:15 p.m.: 11 IR 3570, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2351; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-3-16 Prorated continuing education requirements for holders of certificates granted during a reporting period**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-2.1-4-5

Sec. 16. The following table establishes the number of CPE hours that a licensee must obtain for the three (3) year reporting period in progress at the time of the issuance or reactivation of a certificate under section 8, 14, or 14.5 of this rule, and it also establishes the minimum hours required in the calendar year of the issuance or reactivation:

Date of Issuance of Certificate	Required Hours for Three (3) Year Reporting Period	Required Minimum Hours for the Year of Issuance or Reactivation
January 1 – March 31 first year of the reporting period	120	20
April 1 – June 30 first year of the reporting period	110	15
July 1 – September 30 first year of the reporting period	100	10
October 1 – December 31 first year of the reporting period	90	0
January 1 – March 31 second year of the reporting period	80	20
April 1 – June 30 second year of the reporting period	70	15
July 1 – September 30 second year of the reporting period	60	10
October 1 – December 31 second year of the reporting period	50	0
January 1 – March 31 third year of the reporting period	40	N/A
April 1 – June 30 third year of the reporting period	30	N/A
July 1 - September 30 third year of the reporting period	20	N/A
October 1 – December 31 third year of the reporting period	0	0

For purposes of this section, “N/A” means that there is no specifically stated requirement for the year of issuance or reactivation because the licensee would have to obtain the prorated CPE hours for the three (3) year reporting period. (*Indiana Board of Accountancy; 872 IAC 1-3-16; filed May 17, 1988, 3:15 p.m.: 11 IR 3570, eff Jul 1, 1988; errata, 11 IR 3922; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2351; filed Feb 24, 1997, 4:00 p.m.: 20 IR 1737; filed Jun 5, 1998, 3:58 p.m.: 21 IR 3938; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824; filed Sep 7, 2004, 5:00 p.m.: 28 IR 211*)

#### **872 IAC 1-3-17 Failure to meet continuing education provisions**

**Authority:** IC 25-2.1-2-15

**Affected:** IC 25-1-11; IC 25-2.1-4-2; IC 25-2.1-4-5;  
IC 25-2.1-8

Sec. 17. (a) A certificate holder who does not obtain the required number of CPE hours during a reporting period may cure that deficiency by taking them in the next reporting period. However, the certificate shall not be renewed until the necessary hours are obtained. An individual whose license has lapsed longer than eighteen (18) months is governed by section 14 of this rule.

(b) Notwithstanding subsection (a), the board, upon application by the licensee, may renew a certificate despite failure to furnish evidence of completion of continuing education requirements on the condition the licensee follow a particular program or schedule of continuing education to be completed within a period determined by the board to be within a reasonable period of time. If the licensee fails to present proof of completion of the program or schedule, he or she shall be subject to the sanctions provided for under IC 25-1-11 and IC 25-2.1-8.

(c) CPE hours obtained to cure a deficiency in a prior reporting period shall not be double-counted by also being included in the reporting period in progress when they are obtained. (*Indiana Board of Accountancy; 872 IAC 1-3-17; filed May 17, 1988, 3:15 p.m.: 11 IR 3570, eff Jul 1, 1988; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-3-18 Board review of continuing education compliance**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 25-2.1

Sec. 18. (a) If, as the result of an audit or other review, the board determines that CPE hours a licensee has claimed do not meet the requirements of this rule (872 IAC 1-3), it shall notify the licensee of that determination.

(b) A licensee, who has been notified under subsection (a), may within thirty (30) days submit information to the board giving all the substantive reasons in support of his or her position that an adequate number of hours have been obtained.

(c) licensee who submits false information under 872 IAC 1-3-6 or this section shall be subject to the sanctions provided for under IC 25-2-1-13.1 [*IC 25-2 was repealed by P.L.30-1993, SECTION 8, effective January 1, 1994.*] (*Indiana Board of Accountancy; 872 IAC 1-3-18; filed May 17, 1988, 3:15 p.m.: 11 IR 3571, eff Jul 1, 1988; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

#### **872 IAC 1-3-19 Permits for firms to practice accountancy**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 23-1.5-2-9; IC 23-1.5-2-10

Sec. 19. (a) The expiration date for permits for firms to practice accountancy issued under IC 25-2.1-5 shall be June 30 of every third year, for example, June 30, 1997, and June 30, 2000.

(b) To obtain a permit to practice under IC 25-2.1-5 does not eliminate the requirement for professional corporations to obtain and renew the certificate of registration required by IC 23-1.5-2-9 and IC 23-1.5-2-10. (*Indiana Board of Accountancy; 872 IAC 1-3-19; filed Jun 1, 1994, 5:00 p.m.: 17 IR 2352; readopted filed Jun 22, 2001, 8:57 a.m.: 24 IR 3824*)

### **Rule 4. Nonlicensee Firm Owners**

#### **872 IAC 1-4-1 General requirements**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 25-2.1-5-4; IC 25-2.1-6-6

Sec. 1. (a) This section establishes the requirements for nonlicensee owners of CPA or PA firms under IC 25-2.1-5-4. This section does not apply to firms of accounting practitioners under IC 25-2.1-6-6.

(b) An active individual participant under IC 25-2.1-5-4(c)(2) is an individual who is actively engaged in the firm or affiliated entities in providing services to the firm's clients as his or her principal occupation.

(c) The firm's owners must comply with the AICPA Code of Professional Conduct (applicable to CPA firms only) or the NSA Rules of Professional Conduct (applicable to PA firms only) as adopted by the board in 872 IAC 1-2-1. (*Indiana Board of Accountancy; 872 IAC 1-4-1; filed Jul 7, 2003, 3:45 p.m.: 26 IR 3655*)

### **Rule 5. Substantial Equivalency**

#### **872 IAC 1-5-1 Certification or permit not required for CPA certificate holders from other states; substantial equivalency**

**Authority:** IC 25-2.1-2-15  
**Affected:** IC 25-2.1-3; IC 25-2.1-4-10

Sec. 1. (a) Any out-of-state CPA certificate holder, whose principal place of business is not in Indiana, exercising the privileges under IC 25-2.1-4-10 shall submit to the board, prior to practicing in Indiana, a notice of intent to practice accountancy in Indiana, including all of the following:

(1) The individual's name, address of the principal place of business, and certificate number.

(2) A certification of the CPA's certificate of registration from the jurisdiction that issued the certificate.

(3) The name, address, and firm permit number, if any, of the firm with which the individual CPA

practices.

(b) An individual exercising the privileges under IC 25-2.1-4-10 shall renew with the board his or her notice of intent no later than January 2 of each year by submitting the information required in subsection (a).

(c) The notice of intent shall be amended within thirty (30) days after the individual changes his or her principal place of business or within thirty (30) days after the out-of-state certificate of registration has been denied, revoked, or suspended in any jurisdiction.

(d) An individual who previously exercised the privileges under IC 25-2.1-4-10 but no longer holds a valid certificate of registration in another state or whose principal place of business becomes in Indiana may no longer exercise those privileges without obtaining an Indiana CPA certificate. (*Indiana Board of Accountancy; 872 IAC 1-5-1; filed Jul 30, 2003, 5:15 p.m.: 26 IR 3883*)

## **Rule 6. Quality Review**

### **872 IAC 1-6-1 Applicability**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5; IC 25-2.1-6

Sec. 1. (a) This rule establishes a quality review program for CPA and PA firms issued a permit under IC 25-2.1-5.

(b) This rule does not apply to AP firms issued a registration under IC 25-2.1-6. (*Indiana Board of Accountancy; 872 IAC 1-6-1; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-2 “Approved quality review program” defined**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5-8; IC 25-2.1-5-9

Sec. 2. “Approved quality review program” means a peer review program:

(1) administered by an oversight body established by the board under section 7 of this rule; and

(2) meeting the requirements of this rule, including the:

(A) AICPA document incorporated by reference in section 11 of this rule (applicable to CPA and PA firms); or

(B) NSA document incorporated by reference in section 12 of this rule (applicable to PA firms only).

(*Indiana Board of Accountancy; 872 IAC 1-6-2; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-3 “Attest” defined**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-1-3; IC 25-2.1-1-3.8

Sec. 3. “Attest” has the meaning set forth in IC 25-2.1-1-3.8. (*Indiana Board of Accountancy; 872 IAC 1-6-3; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-4 “Compilation” defined**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-1-6.3

Sec. 4. “Compilation” has the meaning set forth in IC 25-2.1-1-6.3. (*Indiana Board of Accountancy; 872 IAC 1-6-4; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-5 “Firm location” defined**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5-5

Sec. 5. “Firm location” means an individual office location of a CPA or PA firm that is required to be registered under IC 25-2.1-5-5(a)(1) or IC 25-2.1-5-5(b)(1). (*Indiana Board of Accountancy; 872 IAC 1-6-5; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-6 “Quality review” defined**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-1-12

Sec. 6. “Quality review” has the meaning set forth in IC 25-2.1-1-12. (*Indiana Board of Accountancy; 872 IAC 1-6-6; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

### **872 IAC 1-6-7 Quality review oversight committee**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5-8; IC 25-2.1-5-9

Sec. 7. (a) The board shall appoint a quality review oversight committee to assist it in the implementation of the quality review program.

(b) The oversight committee shall consist of three (3) licensees who have an active certificate as a certified public accountant or public accountant.

(c) An appointment under this section is for a term of three (3) years, except for an appointment to fill a vacancy shall be for the remainder of the unexpired term. A committee member may continue to serve until the member’s successor is appointed and qualified. An oversight committee member may be reappointed at the end of each term.

(d) Notwithstanding subsection (c), the initial appointment to the committee shall be:

- (1) one (1) committee member for the term of one (1) year;
- (2) one (1) committee member for the term of two (2) years; and
- (3) one (1) committee member for a term of three (3) years.

The duration of these terms shall be calculated from July 1, 2004. (*Indiana Board of Accountancy; 872 IAC 1-6-7; filed Oct 13, 2004, 11:30 a.m.: 28 IR 966*)

#### **872 IAC 1-6-8 Responsibilities of oversight committee**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5-8; IC 25-2.1-5-9

Sec. 8. The quality review oversight committee is responsible for the following:

- (1) Monitoring approved quality review programs and reporting periodically to the board on whether these programs meet the requirements of this rule.
- (2) Evaluating the determinations and recommendations in each quality review report submitted by the firm.
- (3) Submitting an annual report to the board that includes statistics on the impact and effect of the quality review program and a list of firms that have undergone quality reviews under this rule.
- (4) Carrying out other duties as delegated by the board necessary for the administration and enforcement of this rule. (*Indiana Board of Accountancy; 872 IAC 1-6-8; filed Oct 13, 2004, 11:30 a.m.: 28 IR 967*)

#### **872 IAC 1-6-9 Requirements for firms**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5

Sec. 9. (a) This section applies to renewal of firm permits that expire on or after June 30, 2006.

(b) During the three (3) year period preceding a firm's application for renewal of a permit under IC 25-2.1-5, a firm shall complete a quality review in compliance with this rule, unless the firm is not required to have a quality review under subsection (d)(2). Failure of a firm to complete a quality review may result in the denial of the renewal of the firm's permit under IC 25-2.1-5.

(c) Each firm where attest or compilation services are performed shall be covered by a quality review. A single quality review report covering all locations may be submitted for firms with multiple firm locations.

(d) Each application for renewal of a permit under IC 25-2.1-5 shall include:

- (1) a letter certifying acceptance of the quality review report issued to the firm by the oversight committee; or
- (2) a certification that the firm is not required to have a quality review because it has not performed any attest or compilation engagements since the last expiration of the firm permit.

(e) For the 2006 renewal, the period under subsection (d)(2) shall be since June 30, 2005, rather than since the last expiration of the firm permit.

(f) Before commencement of an attest or compilation engagement, a firm that was not required to obtain a quality review under subsection (d)(2) shall notify the board and shall complete a quality review within eighteen (18) months of such notification.

(g) In order to renew an expired firm permit, a firm shall complete a quality review in compliance with this rule. An exemption under subsection (d)(2) shall be calculated as if the firm permit had been renewed before its expiration.

(h) Each firm is responsible for the cost of the quality reviews under this rule.

(i) A quality review obtained after June 30, 2003, but before the effective date of this rule, shall fulfill the requirements for obtaining a quality review for the 2006 renewal as long as the quality review was done in a manner consistent with this rule. (*Indiana Board of Accountancy; 872 IAC 1-6-9; filed Oct 13, 2004, 11:30 a.m.: 28 IR 967*)

#### **872 IAC 1-6-10 Reports; confidentiality**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9

**Affected:** IC 25-2.1-5-8; IC 25-2.1-5-9

Sec. 10. (a) An approved quality review program administrator shall determine and report the following to the oversight committee with respect to each firm that is reviewed:

- (1) Any recommendations concerning the possible improvement of the quality of the firm location's professional services.
- (2) Whether the firm is not in general conformity with applicable professional standards.
- (3) If the firm is not in general conformity, any significant departures from applicable professional standards.

(b) A firm that is the subject of a quality review may submit to the oversight committee a response to the determinations and recommendations contained in the quality review report.

(c) Quality review reports and related comments and work papers shall be retained by the oversight committee for a



period of at least three (3) years from the date of submission or until acceptance by the oversight committee of the firm location's next quality review report, whichever is later.

(d) All proceedings, records, and work papers related to a quality review performed under this rule are privileged as provided in IC 25-2.1-5-8 and are not subject to discovery, subpoena, or other means of legal process or introduction into evidence unto a civil action, arbitration, administrative proceeding, or board proceeding.

(e) Subject to IC 25-2.1-5-9, a member of the review committee or an individual who was involved with or who performed a quality review may not testify in a civil action, arbitration, administrative proceeding, or board proceeding to matters:

- (1) produced, presented, disclosed, or discussed during, or in connection with, the quality review process; or
- (2) that involve findings, recommendations, evaluations, opinions, or other actions of the approved quality review program, the oversight committee, or individual reviewers or committee members. (*Indiana Board of Accountancy; 872 IAC 1-6-10; filed Oct 13, 2004, 11:30 a.m.: 28 IR 967*)

#### **872 IAC 1-6-11 AICPA standards for peer/quality review program**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9  
**Affected:** IC 25-2.1

Sec. 11. (a) That certain document being titled Standards for Performing and Reporting on Peer Reviews (copyright 2000, effective January 1, 2001), as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. This document applies to quality reviews performed before January 1, 2005.

(b) That certain document being titled Standards for Performing and Reporting on Peer Reviews (copyright 2004, effective January 1, 2005), as published by the American Institute of Certified Public Accountants (AICPA), 1211 Avenue of the Americas, New York, New York 10036-8775, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. This document applies to quality reviews performed after December 31, 2004.

(c) Notwithstanding the use of the word "should" in the Standards for Performing and Reporting on Peer Reviews, a reviewer must comply with the standards or must justify any departure therefrom.

(d) The Standards for Performing and Reporting on Peer Reviews is incorporated by reference in this rule to establish substantive standards for quality reviews. Any requirement for membership in the AICPA or other organization or the involvement of any AICPA entity or state CPA society in the quality review process shall not apply. The quality review program under this rule is administered by the board and the quality review oversight committee established under section 7 of this rule. However, this subsection shall not be construed to limit the involvement of either the AICPA or the state CPA society in any quality review activity involving their members as long as the resulting quality review complies with this rule.

(e) If any provision of the Standards for Performing and Reporting on Peer Reviews conflict in any way with IC 25-2.1 or this title, it shall not apply. (*Indiana Board of Accountancy; 872 IAC 1-6-11; filed Oct 13, 2004, 11:30 a.m.: 28 IR 968*)

#### **872 IAC 1-6-12 NSA standards for peer/quality review program**

**Authority:** IC 25-2.1-2-15; IC 25-2.1-5-8; IC 25-2.1-5-9  
**Affected:** IC 4-22-2; IC 25-2.1

Sec. 12. (a) That certain document being titled National Society of Accountants Peer Review Program Manual (copyright 2002), as published by the National Society of Accountants (NSA), 1010 Fairfax Street, Alexandria, Virginia 22314, is hereby incorporated by reference as if fully set out in this rule except for the revision stated in this section. No subsequent editions, amendments, supplements, or releases of this document will be in effect in Indiana or adopted by the board except by following the rulemaking provisions of IC 4-22-2.

(b) The National Society of Accountants Peer Review Program Manual is incorporated by reference in this rule to establish substantive standards for quality reviews. Any requirement for membership in the NSA or the involvement of any NSA entity in the quality review process shall not apply. The quality review program under this rule is administered by the board and the quality review oversight committee established under section 7 of this rule. However, this subsection shall not be construed to limit the involvement of NSA in any quality review activity involving their members as long as the resulting quality review complies with this rule.

(c) If any provision of the National Society of Accountants Peer Review Program Manual conflicts in any way with IC 25-2.1 or this title, it shall not apply. (*Indiana Board of Accountancy; 872 IAC 1-6-12; filed Oct 13, 2004, 11:30 a.m.: 28 IR 968*)

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